EFFECTIVENESS OF THE U.S. CIVIL RESERVE AIR FLEET PROGRAM

(101-80)

HEARING

BEFORE THE

SUBCOMMITTEE ON
INVESTIGATIONS AND OVERSIGHT

OF THE

COMMITTEE ON
PUBLIC WORKS AND TRANSPORTATION
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

OCTOBER 10, 1990

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EFFECTIVENESS OF THE U.S. CIVIL RESERVE AIR FLEET PROGRAM

WEDNESDAY, OCTOBER 10, 1990

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT,
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:00 p.m. in room 2167, Rayburn House Office Building, Hon. Glenn M. Anderson (chairman of the subcommittee) presiding.

Mr. ANDERSON. The committee will come to order.

This morning the subcommittee examines the performance of a program that is critical to our national interests: the Civil Reserve Air Fleet, or CRAF, Program.

CRAF is a partnership among the Departments of Defense, Transportation and airline industry. It is a partnership that, during times of crisis or national emergency, results in the activation of U.S. certificated civil aircraft to augment existing military airlift capability. CRAF is relied upon during such an emergency to transport up to 95 percent of the troops and 30 percent of the cargo that would need to be airlifted. CRAF is a program that seems to have benefited both the military and the airline industry. The Defense Department receives increased emergency airlift capacity without having to spend scarce dollars on aircraft, personnel, or maintenance during peacetime. Participating air carriers are awarded peacetime annual airlift contracts.

While CRAF was established 38 years ago, it was activated for the first time on August 18, 1990 in response to the Operation Desert Shield build-up. By all accounts, CRAF has functioned extremely well—probably better than we had a right to expect, considering that testing of the program had been necessarily limited.

Nevertheless, the subcommittee believes that it is an appropriate time to examine the program in greater depth, and receive preliminary recommendations, in light of the experience we've gained, for improving the program.

In that context, we hope to answer the following questions today:

How efficient and effective has the CRAF Program been to date in meeting the Defense Department's mobilization needs?

What lessons have been learned to this point?

What has been the impact of CRAF activation on U.S. air commerce?

What would the repercussions be of activating the next stage of CRAF?

And finally, how effective has the communication and coordination been among the parties upon whom we depend to make this vital program a success?

We look forward to receiving testimony today that is constructive, educational and enlightening.

I would like to insert into the record at this point a statement from the ranking member of this Committee, the Honorable John Paul Hammerschmidt.

[The prepared statement of Mr. Hammerschmidt follows:]

OPENING STATEMENT OF HON. JOHN PAUL HAMMERSCHMIDT

Thank you, Mr. Chairman.

I am pleased to join with you and the Subcommittee's Ranking Republican Member, Bob McEwen, in welcoming the witnesses who will be appearing before the subcommittee today. I particularly want to thank Congressman Dante Fascell, the distinguished Chairman of the House Foreign Affairs Committee, for taking the time to be here with us today.

Mr. Chairman, I commend both you and Mr. McEwen for scheduling this hearing. It seems to me both timely and appropriate that the subcommittee look at the operations of the Civil Reserve Air Fleet [CRAF] Program in view of the program's activation in support of Operation Desert Shield.

Even though the CRAF Program has been in existence since 1951, this is the first time it has been activated. As such, I am certain that the CRAF activation has been a learning experience for those directly involved, just as it will be for us in hearing their testimony.

All indications are that the CRAF portion of Operation Desert Shield has been, by most measures, a great success. The subcommittee will benefit by hearing from those directly involved in the program just how the operation has progressed, and what, if any, areas for improvement have been noted.

I think we all feel somewhat secure in the belief that overall impacts on the commercial air transport system from the activation of some 40 aircraft might be rather painlessly handled, notwithstanding the prospect of some economic harm to individual carriers.

However, when we begin to talk about the activation of hundreds of civilian commercial aircraft during CRAF stages II or III, the potential for disruption in necessary commercial air service becomes significantly greater. I think we want to assure ourselves to the greatest extent possible that the system to sustain that type of disruption is in place and ready to function as readily and smoothly as possible. I would anticipate that today's hearing will give us that opportunity.

Mr. Chairman, again I commend you and Mr. McEwen for scheduling this timely hearing, and look forward to the expert participation of our witnesses today.

Thank you, Mr. Chairman.

Mr. ANDERSON. We will now hear from our first witness today, the Honorable Dante Fascell, a Representative in Congress from Florida. Welcome, Mr. Fascell. Please proceed.

TESTIMONY OF HON. DANTE FASCELL, A REPRESENTATIVE IN CONGRESS FROM FLORIDA

Mr. FASCELL. Mr. Chairman, Mr. McEwen, thank you very much. I have a prepared statement which I'd like to submit for the record and then make some brief, extemporaneous remarks.

Mr. ANDERSON. By unanimous consent, your remarks in their entirety will be part of the record.

Mr. FASCELL. Mr. Chairman, I am pleased that the committee is holding these oversight hearings in order to review the CRAF Program. I can't remember the first time that I attended a hearing on the CRAF Program. It seems to me it was when I first came up here—that would be 35 years ago—in Government Operations.

I felt then, after listening to the testimony and the concept of the program, that it was one that should be maintained and supported. I have not changed my opinion today. As a matter of fact, I think that we couldn't devise a better system. Now, we may have to do some fine tuning for one reason or another, including the impact it might have on domestic operations, and perhaps it's reasonable to take a look at that.

Nevertheless, it's the kind of commitment that the country must have based on a partnership between private industry and the Defense Department to serve the needs of the country. The program works very well. If you'll pardon a personal reference, in my own community Southern Air Transport, which is part of the program, has responded beautifully. The program works. They made a commitment; they kept a commitment; and I would hope that all others could do the same thing.

Now, I know that the program requires a plan B, and depending on development there could be some impact on the airlines. It has to be planned intelligently and we have to recognize not only the sensitivities but the needs that are involved. I can't imagine that we could be budget-wise, for example, and maintain the necessary lift on tap constantly. I don't think anybody advocates that. I hope not, because I don't know where you'd park the airplanes and I don't know how you'd maintain them.

I shrink with horror recalling the time when we had more tanks than we knew what to do with, and we had them stored in Cosmoline, and we were paying a fortune simply to go out and start the engines up I'm not sure we ever used the tanks, either. So, you know, we recognize the parameters of the problem here.

I'll wind up these brief remarks by saying that in my judgment the program serves the needs of the country very well. It's an outstanding program in which private industry and the Government work together to meet the needs of the people. I don't say that I have the automatic solution to a problem that if you go to the next level of need and you have to draw on every single commitment across the country that it won't have some impact and that this committee ought not to look at that impact. I think you should.

I think we need to be prepared for that, and I'm sure that the testimony here and responses to questions that will be asked by the committee will bring all these questions to the surface, and I think that's good. I think we need to do that. I think we need to look at the problem straight-on and do whatever fine tuning is necessary, but fundamentally I believe that the program works extremely well.

Mr. ANDERSON. Mr. Fascell, from what we have been able to ascertain, CRAF has worked extremely well, and while it may be premature to ask at this time, are there any recommendations that you might have for us insofar as areas that may need additional scrutiny?

Mr. FASCELL. Mr. Chairman, I don't right now, because I haven't gone into the question that deeply. I've just barely touched on some of the problems because the problems have not been presented to me in the context of recommendations. I have direct knowledge only of the one operation in my own area, which I mentioned. It

seems to be going extremely well, but I also know that other operators might be having some difficulties.

So whatever its other purposes, the oversight hearing is very important simply to flush all of that out. Let's see what needs to be done or what can be done and how to do it. I don't have the magic answer right at this moment myself.

Mr. ANDERSON. Mr. McEwen.

Mr. FASCELL. But I think that's what an oversight hearing is supposed to do.

Mr. MCEWEN. Mr. Chairman, thank you very much for being here and for lending your expertise. Let me just pose a thought with you. We have gone to Stage 1 thus far; Stage 2 and Stage 3 would be significantly more disruptive. For example, under Stage 3, if we were to need additional planes, 89 percent of the long-range international transport would be withdrawn—20 percent and 70 percent, respectively under parts 2 and 3. In other words, our capacity to maintain commercial air traffic over the Pacific would be significantly diminished.

Now, you and I are well aware that we have various competitors in the Pacific that would be more than willing to step in and negotiate and fill that vacuum, which creates an additional dilemma that we faced during the first six months of this crisis in getting assistance from our allies in the Pacific.

I say that to say this. We on this committee are very knowledgeable of the international negotiations that take place in transportation. For example, the Japanese and the Koreans wanted to have inland ports of entry. Instead of just flying to Los Angeles or New York, they wanted to fly to Las Vegas and to St. Louis and to Chicago. The State Department handles those negotiations, and they agree then that for additional flights into Seoul and into Tokyo, the Japanese and Koreans can have the new flights into Chicago.

Well, what happens after the State Department has then negotiated the deal? Those of us on this committee that are not involved in that know exactly what's going to happen—that the foreign governments are going to put additional demands on U.S. carriers when they land there. For example, in Korea, there was a prohibition that they couldn't advertise in anything but English. In Japan, they had to use local mechanics. The mechanics got around to repairing the planes when they felt like it. I remember at one place they gave only one gate, and as you know, if you load one passenger every 30 seconds, it takes you three and a half hours to load a plane, and so they missed their flight schedules and all the rest. So Americans withdrew, and yet the Japanese and the Koreans still flew to Chicago.

Because of those negotiations that we feel were unfairly handled by the State Department or not properly handled, it's now one-sided—they fly, we don't. What is the possibility, as a foreign affairs expert, if we were to negotiate a contribution on their part of this commercial traffic during a time in which we were facing a difficulty? If we had to withdraw American fleets from the Pacific, what if we negotiated some sort of an arrangement whereby their increased capacity revenues would be shared or increased landing fees or something to that effect? Is that without the realm of possibility?

Mr. FASCELL. Well, first of all, let me say about reciprocity that I think we, in the United States ought to do everything we know how to do in order not to put our domestic carriers at a disadvantage competitively. I don't care what the issue is. We ran into that problem in Mr. Oberstar's committee when we dealt with the question of security and the standards that would be applied to domestic airlines against the standards that were in common use by foreign air carriers. Obviously, we have to fight and negotiate and attempt to get reciprocity in order to be on a competitive basis with foreign carriers, regardless of whether it is airports or security or whatever.

And, yes, State does have the responsibility for the negotiations, but they don't finally sign-off. So there's room there for this committee to express whatever feelings they may have and whatever desires they may have and to get into the decision-making process, which I think you can do very well.

I can't answer the question. Frankly, I don't think I'm competent to answer the question from a technical standpoint regarding the desirability of taking foreign aircraft and putting them either under American flag or negotiating some kind of an agreement whereby you'd have a transfer of commercial operations, because I can't imagine that you would want to make them part of the military airlift.

Mr. MCEWEN. No, my thought is that they would get increased traffic, thereby increased revenues. Would it be conceivable that we could make some arrangement whereby——

Mr. FASCELL. Absolutely. You know, we did that domestically in the United States until the Congress passed a law ending the agreement. So, obviously, the answer is yes, you can do that, if the domestic carriers feel that that's sufficient. But I think—and I can't speak for them, obviously—but I think it's more than just making the money that's involved.

Mr. MCEWEN. Thank you, Mr. Chairman.

Mr. ANDERSON. Mr. Oberstar.

Mr. OBERSTAR. Thank you, Mr. Chairman.

I want to compliment Chairman Fascell on his statement and on his participation in this hearing, lending the great prestige of the Foreign Affairs Committee and the wisdom the gentleman has accumulated over the years in his field of expertise in foreign affairs.

Your observation about the operation of the CRAF Program in Operation Desert Shield is certainly welcome. It stands, however, in stark contrast to the rather abysmal condition of the sealift capability of the commercial surface fleet where we don't have the vessels, we don't have the capability, At the end of World War II, the United States was first in total numbers of vessels and dead weight tonnage of 16 million tons, 2,800 vessels; today, we're eighth. That's dead last. There isn't a single commercial ship under construction in a U.S. shipyard, and we don't have the sealift capability. CRAF stands in stark contrast to the rather abysmal condition in another vital area of the U.S. capability.

Mr. FASCELL. Well, I thank the gentleman for raising that point, and you can see what our response as a Nation was with regard to our sealift capability. We went military, and we're going to have to provide the sealift capability military. It is going to be minimal, it's

going to consist of everything over and above what is going to go by air. You can only turn those ships around sc fast, and if you've got required tonnage, you can do whatever that base amount is, depending how much you're going to put in the budget to provide the military sealift capability.

And there's a limit, because you've got to maintain and run those ships. So the burden falls on air, it seems to me. Then the question is, are you going to build enough air on the military side to take care of the problem and you run into the same situation. Fortunately, we have domestic capability in the form of private enterprise and we need to keep that. We need to work with it, and we need to try to solve whatever problems that come up. Otherwise, it seems to me, we're at forced inventory, and I don't see how that's a satisfactory answer.

Mr. OBERSTAR. I thank the Chairman. Thank you very much for being with us.

Mr. FASCELL. Finally, I want to assure the Chairman of the committee, that our Committee on Foreign Affairs will work as we have with your committee, Mr. Oberstar, on the question of reciprocity and equal treatment so that our domestic carriers are not at a disadvantage. If we strike a deal, then we ought to make them stay with it.

Mr. OBERSTAR. We are going to be reviewing matters of reciprocity in trade tomorrow in a Subcommittee on Aviation hearing on international trade issues in aviation.

Mr. FASCELL. We'll be in touch. Our staffs will stay in touch with each other, and I assure you that any way we can cooperate, we want to do it.

Mr. OBERSTAR. We look forward to doing that.

Mr. FASCELL. Thank you, Mr. Chairman.

Mr. ANDERSON. One more.

Mr. Inhofe.

Mr. INHOFE. Yes, sir. Just one question.

As I understand, it went well, and it's my understanding in the material I got before I got here that this is the first time this activation has taken place since it was established in the early 1950s, as I understand it.

Mr. FASCELL. That's correct.

Mr. INHOFE. And a Stage 1 would involve up to 40 or 50 aircraft, so we've pretty much saturated Stage 1 in terms of this activation. If Stage 2 would go to 180 aircraft, Stage 3 to 500 aircraft. If we're talking about some type of peacetime contracts to offset the contribution that's being made, do you get to the point where you'd run out of those contracts?

Mr. FASCELL. Sure. You know, I don't know how far you can extend that line, but, one can construct a scenario in which you just run out of transportation, period. But let's think back, and I don't have the charts or the figures to make the comparison, but the Berlin Airlift was one whale of an airlift.

Mr. INHOFE. Thank you, Mr. Chairman.

Mr. ANDERSON. Thank you, Mr. Chairman.

[Mr. Fascell's prepared statement follows:]

STATEMENT OF CONGRESSMAN DANTE B. FASCELL (D.-FLA.) BEFORE THE SUBCOMMITTEE ON INVESTIGATION AND OVERSIGHT OF THE HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE ON THE OPERATION OF THE CRAF

OCTOBER 10, 1990

Mr. Chairman, I am pleased to be here today for the Subcommittee's hearings on the effectiveness of the Civil Reserve Air Fleet (CRAF), particularly with respect to Operation Desert Shield.

It is difficult, with our troops still deployed in Saudi Arabia, the Iraqis still in control of Kuwait and no clear signs as to when Operation Desert Shield will be over, to comment on the effectiveness of any single aspect of the effort. However, I would like to relate to you the experience of an airline in South Florida which is a participant in the CRAF program.

Southern Air Transport is probably typical of many of the airline participants in the Civil Reserve Air Fleet Program. In fact, Southern Air was the first U.S. civil cargo airline scheduled into the Middle East when Desert Shield began, and today continues to operate dozens of cargo flights domestically and internationally for the Military Airlift Command's Desert Shield operations.

Prior to and during Desert Shield, Southern Air, along with many other passenger and cargo airlines, has also flown other scheduled routes for the

Department of Defense, both within and outside the U.S. As members of CRAF, these carriers are given the opportunity to participate in this peacetime airlift business, which is an important part of their operations. In return, they have agreed, to make their aircraft available to the Nation in a military emergency.

Commitment to CRAF is voluntary, and every year airlines make the conscious commercial decision to participate in order to benefit from the routine business, with the understanding that if CRAF is activated, they have a contractual obligation to provide the required aircraft. The principal behind this program is sound — a working partnership that benefits both private business and the national interest.

Responsible contingency planning is the key to success in a crisis and the CRAF program has obviously provided our military with much-needed transport during Operation Desert Shield. Once the crisis is resolved, we will be able to more clearly assess the details of the operation of the program.

Mr. ANDERSON. Next, Mr. Travis B. Dungan, the Administrator for Research and Special Programs Administration from the Department of Transportation; he's accompanied by Mr. Lloyd E. Milburn, Director of the Office of Emergency Transportation for Research and Special Projects; Mr. Jack Schmidt, the Policy Analyst for the Office of Assistant Secretary for Policy and International Affairs; Mr. Daniel Noel, Emergency Operations Planner of the Office of Emergency Operations for the Federal Aviation Administration; Mr. Kenneth Harris, Manager for the Aviation Activity Branch for the Office of Aviation Policy and Plans of FAA; and Mr. Charles Reavis, the Operations Manager for the Office of Air Traffic Services for the FAA.

Would you please rise and raise your right hands?

[Witnesses sworn.]

Mr. ANDERSON. Mr. Dungan, would you begin?

TESTIMONY OF TRAVIS P. DUNGAN, ADMINISTRATOR, RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION, U.S. DEPARTMENT OF TRANSPORTATION, ACCOMPANIED BY LLOYD MILBURN, DIRECTOR, OFFICE OF EMERGENCY TRANSPORTATION, RSPA; JACK SCHMIDT, TRANSPORTATION ANALYST, OFFICE OF THE ASSISTANT SECRETARY FOR POLICY AND INTERNATIONAL AFFAIRS; DANNY NOEL, EMERGENCY OPERATIONS PLANNER, OFFICE OF EMERGENCY OPERATIONS, FAA; KEN HARRIS, MANAGER, AVIATION ACTIVITY BRANCH, OFFICE OF AVIATION POLICY AND PLANS, FAA; AND DANNY NOEL EMERGENCY OPERATIONS PLANNER FOR EMERGENCY OPERATIONS, FEDERAL AVIATION ADMINISTRATION

Mr. DUNGAN. Thank you, sir. It's a pleasure to appear before you again.

Good afternoon. I'm here today to represent Secretary Skinner to assess the effectiveness of the CRAF Program to date. I'm accompanied by Lloyd Milburn, our Director of Emergency Transportation at the Department. Jack Schmidt, who is a Transportation Analyst in the Office of the Assistant Secretary for Policy and International Affairs, Ken Harris from the FAA Aviation Activity Branch; and Danny Noel, who is the Emergency Operations Planner for Emergency Operations at the FAA.

I'm going to make just a few brief remarks. I supplied some testimony for the record.

My agency, the Research and Special Programs Administration, is responsible for implementing the Secretary's authority over civil transportation resources during emergencies. What I'd like to address this afternoon is, one, just a brief description of CRAF; two, an assessment of the success of the program to date; three, the economic impact of all three stages of CRAF; and four, DOT's role in the CRAF Program and CRAF support operations.

If I could just start by saying that CRAF is a cooperative voluntary program that involves DOD, DOT, and civil air carriers. In the CRAF Prorgram, commercial air carriers are relied upon to provide airlift required by DOD that's not available within the current existing military fleet, thus saving DOD about $10 billion in capital investment. These air carriers volunteer their participation by con-

tractual arrangement with the Military Airlift Command. Civil carriers who volunteer for the program receive preference for cargo business during non-emergency periods.

As far as the program has played out to date, during the past two months, CRAF Stage 1 civil aircraft supporting Operation Desert Shield flew over 500 missions, and delivered 66,000 troops and 22,000 tons of materiel. This is an outstanding accomplishment and demonstrates the effectiveness of civil/military cooperation in this program.

Experiences with this first activation of CRAF illustrates that the program does work and that DOD, DOT and industry can work together to ensure that CRAF is successful and cost effective.

Let me just talk briefly about the economic impacts of the CRAF Program. A very important consideration before CRAF was put into effect was the economic welfare of our transportation industry. In assessing the impact of CRAF activation, we had to look and take into account the financial challenges facing our air carriers. The price of aviation fuel has more than doubled—I believe it's gone up to a high of $1.25 or $1.35 a gallon—and at the same time, the demand for air travel is soft, which makes it very hard for carriers to try to pass along expenses that are above anticipated levels.

Stage 1 activation involved 40 aircraft, which represents just 4 percent of the U.S. fleet's long range passenger capacity and 19 percent of its long-range cargo capacity. Through minor adjustments of schedules and services, the impact of Stage 1 activation on the airline industry and the economy has been relatively insignificant.

Stage 2 activation would affect an additional 76 long-range aircraft and would bring into play about 187 aircraft in total. This would constitute about 17 percent of the industry's long-range passenger capacity and 30 percent of its long-range cargo capacity.

Finally, Stage 3 activation would affect over 500 aircraft, 57 percent of the Nation's long range passenger capacity and more than 80 percent of our long range cargo capacity. Stage 2 and Stage 3 activations would probably have some disruptive effect upon civil airline service. The loss of long-range passenger aircraft could also affect U.S. carriers in important international markets.

For example, an estimated 32 percent of the U.S. airlines' capacity in the trans-Pacific market would be withdrawn under Stage 2 activation. Under Stage 3, 89 percent would be withdrawn. Any long-term loss of international market share, as well as the inability to expand service in potentially profitable markets, would further complicate an already serious financial situation for many air carriers.

Let me move on to the DOT role in the CRAF Program. We cooperate with the Department of Defense under a Memorandum of Understanding and a Memorandum of Agreement. DOD informs Transportation annually of its requirements or projected requirements for the CRAF Program. DOT reviews these requests and balances the essential civil and national defense requirements and, under the Defense Production Act, allocates specific aircraft to DOD for CRAF use.

DOD then proceeds to arrange commercial contracts with the carriers directly and is responsible for determining the numbers and types of actual aircraft that will be used for each operation. Adjustments are made to this allocation periodically throughout the year.

When CRAF is activated, several DOT organizations become involved. My agency, the Research and Special Programs Administration, is responsible for policy direction and coordinating the activities for the Department. The FAA has very important responsibilities in terms of operational support. Finally, the Assistant Secretary for Policy and International Affairs monitors the economic impact of CRAF activation.

Very briefly, let me touch upon what the FAA does in its role in CRAF activation. They have five key tasks: ensuring that the air space system can integrate the military demands while maintaining a safe air space system; authorizing the extension of flight time limitations for CRAF crews; issuing Title XIII insurance to carriers under the CRAF Program or under contract with MAC; supporting intelligence and security operations of the DOD; and establishing an inspection program for overseas navigational aids and air system equipment that will be used by carriers in CRAF service.

An FAA responsibility, an important one, is Title XIII insurance. Under this program, DOT insures carriers for the value of their aircraft hull and potential liability for passenger or cargo injury or problems. This insurance coverage is extended only when commercial coverage is not available, and MAC has formally requested the FAA to extend Title XIII insurance to CRAF and to special MAC charters that are performing missions in support of Operation Desert Shield. The FAA currently is insuring 24 different air carriers that are performing various missions in Desert Shield.

Finally, let me just say that a strong CRAF program is essential, and it's one of the Nation's most cost effective defense programs. The cooperation of the civil air carriers has been outstanding. We know that a few procedures need to be fine tuned, as always happens when you try something out for the first time, and we will include the lessons we've learned from our experience in the next round of DOT and FAA directives and standard operating procedures.

So I'd just like to say in conclusion, that the entire civil transportation sector, not just aviation, has been outstanding in its support of defense in Operation Desert Shield. I'd be glad to take any questions.

Mr. ANDERSON. Thank you very much. It's my understanding, Mr. Dungan, you're the only one who had an opening statement there, so we'll get to the rest of you via our questions. My first one will be to Mr. Milburn.

Mr. Milburn, what has been the role of the Office of Emergency Transportation in the CRAF Program?

Mr. MILBURN. Mr. Chairman, the Office of Emergency Transportation works very closely with the Department of Defense in the program development and implementation of any plans and procedures. We exercise these plans periodically using the Memoranda of Agreement and Understanding that Mr. Dungan mentioned, and some of DOD's classified plans that they intend to use in specific

operations. We also work with representatives from the industry, such as the Air Transport Association, and the MAC.

Mr. ANDERSON. Mr. Dungan, as you know, CRAF is sustained by a Memorandum of Understanding and a Memorandum of Agreement between the Department of Defense and the Department of Transportation. In your view, are those memoranda adequate?

Mr. DUNGAN. Our experience to date with the activation of Stage 1 has shown those documents to be quite effective and very adequate. At this time, the only suggestion that we would make about the CRAF Program is that perhaps it should be increased to include even more aircraft, but I'll leave that to the Defense Department to comment on.

Mr. ANDERSON. The next question I have of either Mr. Dungan or Mr. Milburn is, please discuss in detail the impacts of a Stage 2 and a Stage 3 activation on the civil aviation system.

Mr. DUNGAN. I'd be glad to respond. Under CRAF Stage 1, 40 planes are involved. Under CRAF Stage 2, 187 aircraft would become available to be used. I should point out that the CRAF Program, while it increases by stages, does not necessarily use all of the equipment that is available in each stage. But if CRAF 2 were put into effect, and if 187 aircraft were taken out of the U.S. air system and dedicated to CRAF, the effect on our long-range passenger capacity would be a 17-percent reduction. In our cargo capacity, it would be a 30 percent reduction.

In CRAF Stage 3, in which the full activation level would be 506 aircraft, the reduction in long-range passenger capacity would be 57 percent, and it would be more than 80 percent in cargo capacity.

Mr. ANDERSON. Mr. McEwen?

Mr. MCEWEN. Thank you, Mr. Chairman.

Mr. Dungan, let me repeat what you said in your testimony and see if I've got it right. DOD comes to you and says, "We need so many aircraft," and you go out and sign the contract.

Mr. DUNGAN. It's actually a fairly complicated procedure. What happens is that DOD prepares its annual plan, it comes to the Transportation Department, we review that plan, we review the requirements, and historically we have found that the CRAF Program does not significantly interfere with the civil system, given the trade-off of its requirement for use for CRAF.

What happens is that the Department of Transportation, in endorsing or validating the requirements of the Defense Department, brings to bear the delegated authority that it holds under the Defense Production Act, and what that does is provide a legal umbrella under which the air carriers can break contracts if they need to in order to supply the equipment to the program.

We get involved in actually bringing that legal authority to bear, and we have never objected to the numbers that have been proposed by the Defense Department. We do review them and validate them, and then it is up to the Defense Department, through MAC to actually arrange the contracts directly with the carriers.

DOT again gets involved in the operational support area where the FAA comes in and performs a number of functions.

Mr. MCEWEN. DOD and MAC are going to testify that they need more civil cargo capacity in the program. That's up to them to make a request, is it not?

Mr. DUNGAN. That is up to them, and we would review that request when it comes through. We review that definitely on an annual basis and sometimes more frequently.

Mr. MCEWEN. You never decline anything, right? So reviewing it means reading it.

Mr. DUNGAN. Well, to my knowledge, we have never objected to the requirements that DOD has made.

Mr. MCEWEN. So therefore if DOD thinks there's not enough, it's because they didn't ask for enough. Is that right?

Mr. DUNGAN. I think so.

Mr. MCEWEN. All right. I'm just a country boy. I'm trying to figure this stuff out.

You heard my question to the Chairman. Let me put it more succinctly. One consideration that's involved in the Department's economic impact analysis of the CRAF activation is the loss of market share for those international carriers whose aircraft are allocated to military airlift. Are there any protections that can be built into the United States International Bilateral Aviation Agreements to guard against that possibility?

Mr. DUNGAN. If I understand your question, you're asking whether we can, through the bilateral treaties, protect American carriers from losing market share. That is something that we would have to look at very closely. The loss of market share could be a serious problem, but you have to make a trade-off there between the national security requirements.

I don't believe, for example, that under Stage 2 activation we would hamstring our carriers so much abroad that they would be in a position to lose significant amounts of market share. Now, under Stage 3, we're talking about global war type setting, in which case the use that the Government makes of the planes——

Mr. MCEWEN. There won't be a whole lot of tourist traffic at that point, right?

Mr. DUNGAN. That's right.

Mr. MCEWEN. I've got you. Okay. There's one other question that I have.

What percentage of the aircraft are in the program?

Mr. DUNGAN. Are you asking——

Mr. MCEWEN. Rough figures. A third?

Mr. DUNGAN. Let me see if I can get those numbers exactly for you.

Mr. MCEWEN. Really, I don't need it exactly. I want to picture it in my own mind.

Mr. DUNGAN. Let me get you the percentage of the long-range aircraft. It's about 51 percent. About half the widebodies that are used in overseas operation are part of the CRAF Program now.

Mr. MCEWEN. Okay. So if we went to Stage 3, we get 51 percent. Is that right?

Mr. DUNGAN. That's right.

Mr. MCEWEN. If you take everything you have available, you still only get half of the civil fleet?

Mr. DUNGAN. That is correct.

Mr. MCEWEN. Okay. What are the rates? What do you pay?

Mr. DUNGAN. Excuse me?

Mr. MCEWEN. What do you pay the carriers?

Mr. DUNGAN. DOD actually maintains the contracts with the carriers. I understand that they're standard MAC rates, although I also understand that the increase in fuel prices is passed along and compensated to the carriers, but I should defer to MAC on that question.

Mr. MCEWEN. But they get a fee regardless of whether or not they're used, right?

Mr. DUNGAN. Well, again, I think MAC probably ought to answer that question.

Mr. MCEWEN. I'll do that.

Mr. DUNGAN. My understanding is that they're paid on the basis of actual utilization.

Mr. MCEWEN. All right. Thanks much.

Mr. DUNGAN. You're welcome.

Mr. ANDERSON. I have one more question and I'd like to address it to the gentlemen representing FAA.

How many waivers from existing safety regulations have been requested and in what form?

Mr. NOEL. There have been a couple. First, MAC came to us and requested that we provide a waiver to the flight time limitations so that the carriers could fly for 16 hours out of a 24-hour period. That was examined at the FAA. As we examined these waivers, we had two principles to consider. First, we wanted to keep it safe, and secondly, after keeping it safe, we wanted to meet the operational requirements.

So we came up with a waiver where if they augmented the crew by putting an extra pilot and an extra flight engineer on the aircraft, they could fly for 16 hours out of a 24-hour period, and in order for the carrier to get that requirement, they had to request it through their principal operating inspector. It was not something that the FAA pushed onto the fleet, but it was made available if the carrier's management opted to request it.

The second waiver came sometime later when MAC requested an extension to the maximum 30-day and 90-day flight time limitations, and the FAA looked at those, examined the request and granted a waiver to the 30-day time to increase it for international carriers from 120 hours for a 30-day period to 150 hours. They decided that it was not prudent at this point in time, or necessary, to examine the 90-day time, so that was not given, and, again, the carriers had to request that through their principal operating inspector in order to be granted that waiver.

Mr. ANDERSON. My question was originally how many waivers. I believe you came up with two?

Mr. NOEL. Two, sir.

Mr. ANDERSON. Two waivers.

Mr. DUNGAN. I believe that the FAA has made two. My agency in the hazardous materials area has actually provided an exemption so that class A and B explosives can be carried on civil aircraft that normally do not carry these materials.

Now, we have required some pretty stringent conditions under which this takes place. A DOD representative must be on board and the crew must be briefed in advance on the material that they're carrying.

Mr. ANDERSON. Mr. Mineta?

Mr. MINETA. Mr. Chairman, I just want to commend you for holding these hearings and thank the witnesses for being here. I don't have any specific questions right offhand. I want to really hear more about the general tenure of how things are going, given the fact that this is the first time that the CRAF Program has been initiated. So I'm really here just to hear the panel and all the witnesses here today. Again, thank you very much.

Mr. ANDERSON. I believe we have one more.

Mr. MCEWEN. Thank you, Mr. Chairman.

If there were to be a similar program for sealift, would you handle that?

Mr. DUNGAN. It would come under the Maritime Administration in terms of operations. We would be involved to the extent that we assist in coordinating the program for the Department.

Mr. MCEWEN. Is the Maritime Administration completely separate?

Mr. DUNGAN. No, it's actually an Administration in the Department.

Mr. MCEWEN. Part of DOT. All right. Thank you.

Mr. DUNGAN. Your welcome.

Mr. ANDERSON. Thank you very much.

Mr. DUNGAN. Thank you, sir.

[Mr. Dungan's prepared statement appears on p. 53.]

Mr. ANDERSON. Our next panel this afternoon will begin with Mr. Robert Moore, the Director of Transportation Policy at the Office of the Secretary of Defense for the United States Department of Defense, and we will hear from Major General Vernon Kondra, Deputy Chief of Staff for Operations for the Military Airlift Command.

Will you please stand and raise your right hand?

[Witnesses sworn.]

Mr. ANDERSON. Mr. Moore, would you begin?

TESTIMONY OF ROBERT MOORE, DIRECTOR, TRANSPORTATION POLICY, OFFICE OF THE SECRETARY OF DEFENSE, U.S. DEPARTMENT OF DEFENSE; MAJ. GEN. VERNON KONDRA, U.S. AIR FORCE, DEPUTY CHIEF OF STAFF FOR OPERATIONS, MILITARY AIRLIFT COMMAND

Mr. MOORE. Thank you, Mr. Chairman and Members of the committee. We appreciate this opportunity to meet with you to discuss the Civil Reserve Air Fleet—or CRAF—Program, and in particular civil airlift support of Operation Desert Shield.

Appearing with me today is Major General Vernon Kondra, Deputy Chief of Staff for Operations, Headquarters, Military Airlift Command. General Kondra will give you an overview of airlift support to Desert Shield and further insight to the use of the Civil Reserve Air Fleet.

As you can appreciate, the mobility requirements of a contingency such as Desert Shield are monumental. I am pleased to report that our mobility forces, both airlift and sealift, have performed and continue to perform in an outstanding manner, and this includes the support provided by the civil transportation industry.

The mobility system surged from normal peace time operations to a mobilization tempo almost overnight without faltering.

Initially, this included airlift voluntarily committed by civil air carriers and subsequently, in the face of heavier demands for airlift, the activation of CRAF Stage 1. This activation brought to MAC 38 aircraft from 16 different carriers. In addition, free cargo airlift sorties were made available by Kuwait, Korea and Japan.

The CRAF Program is based on a long-standing national policy to rely to the maximum extent practical on the civil sector for transportation support in both peace and times of crisis or war. This policy was restated by President Reagan in the National Airlift Policy published in 1987. Under this policy, DOD is to maintain and operate that military airlift capability required to satisfy core needs. The commercial air carriers are relied on to provide the airlift required beyond that available in the military airlift fleet.

The policy also requires other Government agencies to take action to strengthen the Nation's airlift capability and protect U.S. national security interests in commercial cargo capabilities.

The CRAF Program itself, you've already heard, was formed 38 years ago to organize civil augmentation airlift in peace in order to ensure its effectiveness in times of crisis or war. Since its inception, CRAF has been standing by ready to augment DOD military airlift. Even though the program had not been called up prior to Desert Shield, throughout the years it has mutually benefited the DOD and commercial carriers.

Through agreements with the Department of Transportation and contracts with the civil air carriers, the DOD is guaranteed a reserve fleet of aircraft to meet wartime requirements, and the civil industry earns revenue in peace-time for international movement of DOD cargo and passengers. In fiscal year 1989, CRAF carriers were paid $618 million for international airlift services through the Military Airlift Command. This represents approximately 30 percent of the DOD cargo and 80 percent of the passengers moved in peacetime. In a full mobilization, it has been estimated that CRAF would also provide about 30 percent of DOD's cargo capability and 95 percent of the passenger lift.

As you can see, even though the DOD has developed a formidable military airlift system capable of rapid response in time of need, that system is heavily reliant on civil sector augmentation in any large scale deployment. For many years, DOD has, as a matter of policy, relied on the commercial sector for most of its peacetime and wartime passenger airlift, and the commercial sector has had ample capability to meet these requirements.

In contrast to passenger airlift, the commercial air cargo sector is not capable of satisfying DOD outsize cargo requirements or sufficient to meet DOD bulk and oversize requirements. Therefore, the primary focus of DOD efforts to increase airlift capability has been in the cargo arena. The rewinged C-5A, the stretched C-141, the C-5B, the KC-10, and soon the C-17 provide core airlift capability, particularly during the early stages of deployment into austere locations or into areas where hostilities have commenced.

Military assets are needed to conduct special operations and maintain the security of operations such as the recent deployment to Panama. Programs to increase the cargo capability of U.S. com-

mercial air carriers, known as CRAF enhancement, and the general growth of the civil cargo industry have enabled the potential commercial contribution to DOD's cargo requirement during full mobilization to grow to over 16 million ton miles per day, or approximately one-third of DOD's total cargo airlift capability.

Together, military and commercial airlift provide approximately 48 million ton miles per day of cargo capability. It should be noted, however, that cargo aircraft committed to CRAF Stage 1 provided only approximately three million ton miles per day.

During a full scale mobilization and activation of CRAF Stage 3, nearly 400 long range commercial aircraft can be tasked to support DOD deployments and resupply operations. This includes 140 civil long range cargo aircraft that have been committed to CRAF. It would cost us over $10 billion to replace this commercial cargo capability with military aircraft, and this does not include air crews and annual operating costs.

The commercial sector also commits over 250 long—range passenger aircraft under CRAF Stage 3. It is easy to see that from a national security standpoint a strong CRAF Program is essential and one of the Nation's most effective national defense programs.

We believe current program policies have resulted in the proper balance between reliance on military and commercial lift. However, the rapidly changing character of international relations and national security commitments have caused the Department to initiate a review of our programs for obtaining and using commercial airlift and sealift assets during times of crisis. This review, which has been in progress since mid-summer, is focused on the incentives provided to commercial carriers who participate in these programs and their effectiveness in meeting emergency requirements.

Deployments to Panama and Desert Shield offer sharply contrasting requirements which must be considered in structuring future mobility forces, including the support required from the civil sector for such operations. In limited contingencies not involving large scale mobilization, various operational, security, economic, and political considerations could preclude significant reliance on private sector transportation resources.

On the other hand, over-reliance on the civil sector can also limit mobility. During Desert Shield, for instance, an important consideration before withdrawing civil transportation assets was the impact on the Nation's economy and the economic welfare of transportation companies. While civil assets have been tasked and employed with great efficiency during Desert Shield, industry executives have expressed concern that greater demands for civil transportation could have a negative impact on company operations. While we have not had to activate CRAF Stage 2 for additional aircraft, it could be required in a more demanding scenario.

The DOD civil fleet policy review and the identification of lessons learned from Desert Shield have not sufficiently progressed for us to be able to provide a complete report during this hearing. However, I am sure that General Kondra's comments will offer insight into how well the operation has gone.

In summary, DOD relies heavily on the commercial sector for augmentation. Civil aviation and military airlift are and must remain strong partners working closely together in peace and

times of crisis to provide the mobility required to support our national security interests. In Desert Shield, they have been an effective team, providing quick deployment for combat forces. The commercial airlift has also allowed our military aircraft a much-needed reprieve from continuous surge operations as well as additional time for crew rest and necessary maintenance.

I am certain that the ongoing study of civil mobility support programs and other assessments of Operation Desert Shield will result in further enhancements to both CRAF and military airlift programs alike.

Sir, this concludes my statement. If you would like, General Kondra could make his statement, and then we could take questions together.

Mr. ANDERSON. Thank you, Mr. Moore. Before we ask you questions, we will hear from General Kondra.

General Kondra, the Deputy Chief of Staff for Operations at the Military Airlift Command.

General KONDRA. Thank you, Mr. Chairman. I welcome this opportunity to appear before you today and represent General H.T. Johnson and the men and women of the Military Airlift Command.

As the Deputy Chief of Staff for Operations, I am particularly happy to discuss the Civil Reserve Air Fleet—or CRAF—and its role in supporting our Desert Shield deployment and our overall national defense transportation system.

MAC is the single manager for airlift for DOD. As a major Air Force command and a component of the U.S. Transportation Command, MAC is responsible for providing peacetime organic and commercial airlift services that will preserve the emergency and wartime capability of assigned forces and ensure the support of DOD components. The airlift mission is a critical consideration in satisfying the requirements of the national military strategy of the United States. When timely arrival is necessary, there is no substitute for airlift.

MAC's airlift capability combines Active Duty Forces, Air Force Reserves, Air National Guard and the Civil Reserve Air Fleet personnel, aircraft and equipment into a national airlift force. We had a large number of Air Force Reserve and Air National Guard personnel volunteer to serve in Desert Shield. However, like the CRAF, we did have to call up additional Guard and Reserve personnel to fill in when requirements could not be met otherwise.

Beyond the organic capability provided by the active duty and the air reserve component, the CRAF provides an essential ingredient of our airlift capability. Through the years, with the continuous support of the air carrier industry, the CRAF Program has grown. Nearly every national crisis causes us to review our concepts and procedures, and CRAF has changed to respond to the world political situation and the changing air carrier environment. Desert Shield will be no exception.

In spite of this close relationship and the extensive planning, until August 17, 1990, the CRAF had never been activated. The reasons for this are almost as many as the contingencies we have experienced in the past 38 years. The bottom line is that in every situation there were enough CRAF volunteers in combination with organic capability to meet the requirements. Desert Shield, how-

ever, represents the largest deployment of U.S. forces since World War II. We have never before been forced to take so much so far in such a short period of time.

The massive lift of U.S. forces began just hours after permission was received to use Saudi bases. The Military Airlift Command, using C-5, C-141, and C-130, cargo aircraft, provided the initial surge of lift, beginning with the equipment of the 82nd Airborne Division from Pope Air Force Base, North Carolina. The first civil air carrier mission, a passenger mission, departed Pope on August 7th, just five days after Iraq invaded Kuwait. Since that day, civil air missions have been non-stop.

For more than 10 days after the deployment began, a combination of military capability and volunteer civil airlift struggled to stay ahead of the deployment requirement. By mid-August, 95 percent of the operable C-5 and 90 percent of the operable C-141s were involved in the deployment. The remaining MAC aircraft were being used to meet urgent DOD mission requirements in other parts of the world.

There were more than 100 volunteer civil air missions scheduled between the 7th and 17th of August. We had more than 30 aircraft volunteer from our CRAF carriers before CRAF was activated. By 17 August, however, it was apparent that more aircraft were urgently needed to meet closure times necessitated by the tremendous imbalance of forces between Iraq and the U.S. and its allies.

There were thousands of tons of cargo and tens of thousands of passengers waiting to be moved. Faced with these nearly overwhelming requirements and after consulting with the Department of Defense, Department of Transportation, Chairman of the Joint Chiefs of Staff, the Secretary of the Air Force, and the air carriers, the Commander-in-Chief, Military Airlift Command, exercised his authority to activate CRAF on 17 August, 1990.

The CRAF carriers' response to Stage 1 activation was rapid and positive. As a matter of fact, we had more carriers contributing than were obligated to Stage 1, and they provided more aircraft to us than are contracted for in Stage 1 of the CRAF. In the last half of August, and most of September, civil carriers averaged over 40 aircraft flying daily, satisfying DOD missions worldwide.

Through 30 September, in Desert Shield operations alone, more than 500 missions carrying more than 66,000 passengers and 22,000 tons of cargo were flown by the CRAF carriers. The Desert Shield experience has proven beyond a doubt that the CRAF concept developed over 38 years between the time it was conceived and first activated are sound.

During my recent visit to Saudi Arabia, I found that quality and enthusiasm of the transportation personnel, both military and civilian, are very high. I came away impressed by the patriotism, loyalty and hard work that these people display.

Beyond the Department of Defense and the air carriers in CRAF, there are a whole host of organizations that provide the support structure for CRAF concept development as well as direct operational support once CRAF is activated. First and foremost among that group is the Department of Transportation through the Federal Aviation Administration and the Research and Special Programs Administration. Without their support on emergency planning, air-

craft allocation, indemnification, hazardous materials procedures, air carrier exemptions, airport clearances, and air traffic priority handling, we could not have been successful in CRAF activation. We salute these organizations as partners in CRAF.

Mr. Chairman, Desert Shield is the largest airlift effort in history; larger than the Berlin Airlift, larger than the peak of the airlift operations in Vietnam, and larger than the 1973 Israeli Airlift. In the 54 days between August 7th and September 30th, the military and the civil carriers together have airlifted over 127,000 troops and 115,000 tons of cargo. The total airlift system—Active duty, Air Force Reserve, Air National Guard, Civil Reserve Air Fleet—has been a success by any measure of merit. Sir, I'd be happy to answer any questions you might have.

Mr. ANDERSON. General Kondra, during the Operation Desert Shield, how much of the total military airlift capacity has been used at any given time during the Operation Desert Shield?

General KONDRA. Sir, during the surge portion of Desert Shield operations, we had over 90 percent of our operable 141 aircraft and 95 percent of our C-5 aircraft committed to Desert Shield. What many people don't realize is that in the rest of the world there are still operations going on, and the rest of those aircraft that were not committed to Desert Shield were being used for other missions in other parts of the world.

Mr. ANDERSON. Over 90 percent of the C-141s and 95 percent of the C-5s.

General KONDRA. Yes, sir, of the operable airplanes.

Mr. ANDERSON. That is just about capacity, isn't it?

General KONDRA. Yes, sir.

Mr. ANDERSON. Mr. Moore, what is our present airlift capacity in terms of ton miles for passengers and for cargo?

Mr. MOORE. For cargo, our present airlift capacity is approximately 48 million ton miles. That is composed of approximately 48 million ton miles of organic military airlift and about 16 million ton miles of commercial airlift.

On the passenger side, I don't have those exact number for passenger. Perhaps General Kondra does.

General KONDRA. Passengers are not measured, sir, in million ton miles, just in capability.

Mr. ANDERSON. How do these totals compare to the 66 million ton miles per day that was established at the start of the decade?

Mr. MOORE. Sir, we did an analysis just this year, looking at our airlift requirements. The 66 million ton miles per day was predicated on a major theater conflict, such as Europe, which involved little warning and a simultaneous major regional conflict. The tensions in Europe have diminished, and we anticipate that the warning time for such a conflict would be greatly increased.

At the same time, the likelihood of a conflict in many other areas of the world has not lessened, and the mobility requirements to respond to these crises are likely to be extremely demanding because of deployment distances and the facilities and support forces available in the objective area.

The Secretary of Defense has concluded that we will retain the current level of airlift for the time being. Should the changing world situation require a larger airlift, we would be able to make

adjustments in the later budget periods. Essentially, he has decided that we can stay at the level of 48 million ton miles per day for the present.

Mr. ANDERSON. Mr. Moore, how much airlift capacity was required from the commercial carriers to meet the DOD needs?

Mr. MOORE. In Desert Shield or in any other contingent?

Mr. ANDERSON. I was thinking of that, but anyway, you're giving us good comparisons. It gives us an idea.

Mr. MOORE. I don't have a comparison of how much commercial——

General KONDRA. When you say how much was needed, Mr. Chairman, what we looked at was what our requirements were going to be—the 38 airplanes, the 17 passenger and the 21 cargo airplanes, that are available in Stage 1 of the CRAF. We have tried to use those on a daily basis, every one of those airplanes.

I went back and reviewed, and when you talk about the capacity of what was used and what was needed, on one day we reached a low of 25 commercial aircrafts, being used, but the high has been up to 53 commercial aircraft, counting what you have as the CRAF, plus the volunteers, and it averages well over 40 per day during the total time that we have been in Desert Shield.

Mr. MINETA. Mr. Chairman, would you yield on that?

Mr. ANDERSON. Mr. Mineta?

Mr. MINETA. If you're activating 38 under the CRAF Program, then how does it get up to the 50—what was the figure you just used, sir?

General KONDRA. Fifty-three, sir.

Mr. MINETA. And how does it get up there?

General KONDRA. Volunteers, sir, above and beyond the CRAF. We have airlines that volunteer aircraft——

Mr. MINETA. When they volunteer like that, do you specify tail numbers or—I mean, that's a difference of 15, so suppose they say, "Okay, we're going to have 11 747s," and you say, "Well, no, hold it. We don't need the passenger variety." Maybe we need some 747 cargo instead. Can you specify, "I really appreciate your volunteering 15 more aircraft, but I don't want anymore passenger aircraft. We need lift capacity, we need cargo."?

General KONDRA. In essence, what we've done is a cooperation, Congressman, in that we see the requirements coming as they're given to us by Transportation Command, who in turn gets them from Central Command, the people who are determining what they need to have in the theater.

Mr. MINETA. And the U.S. Transportation Command determines those requirements?

General KONDRA. No, sir, they give us the requirements. We go to the airlines and say, "We have a requirement for this type of lift. We need X number of cargo, we need X number of passengers. Can you help us?" Above and beyond what we have tasked under the CRAF. And we have had a great response from the civil industry to do that for us. We let them know what our requirement is, they let us know what their capability is, and we have tried to match those up.

Mr. MINETA. Thank you.

Thank you, Mr. Chairman.

Mr. ANDERSON. Thank you, Mr. Mineta.

Mr. Moore, how much airlift capacity was required from the commercial carriers to meet the DOD needs?

Mr. MOORE. I think I'll ask General Kondra to respond to that, if I might.

General KONDRA. If we're talking not just in Desert Shield, but in the worst case, we could use a third of the cargo capacity, sir, and we could use 90 percent of the passenger capability.

Mr. ANDERSON. Well, is there a shortfall in both passengers and cargo capacity?

General KONDRA. In the passenger, the JCS has directed us that we would have X number. Because it's an open hearing, I won't state the exact number. We have less than what the JCS said we need in the passenger. We have stated all along that we would take all of the cargo aircraft we could get. We would take every cargo airplane that would volunteer to us, and we would use it and use it productively.

Mr. ANDERSON. Let me put it another way. Is our present military aircraft capacity then adequate?

General KONDRA. Is our present military?

Mr. ANDERSON. Yes, our present military airlift capacity.

General KONDRA. Sir, we will never be able to have the capacity or the capability that we would need in an all out situation.

Mr. ANDERSON. If you ever really needed it, huh?

General KONDRA. Yes, sir. We fiscally could not afford that.

Mr. ANDERSON. Thank you.

Mr. McEwen.

Mr. MCEWEN. Thank you, Mr. Chairman.

How many foreign aircraft are being used in this lift?

Mr. MOORE. I think maybe it's better to put that in terms of sorties. My information is that we've had approximately 10 sorties flown by aircraft that had been donated to the operation.

General KONDRA. Korean and Japan Air has in essence paid—Korean airlines have flown missions for us on a no-cost basis. Japan has contracted with a U.S. commercial carrier and has paid for them to operate in the system.

Mr. MCEWEN. And that amounts to only 10?

Mr. MOORE. In total number of sorties. There are future commitments that haven't been exercised yet.

Mr. MCEWEN. As an incentive to volunteer, air carriers earn entitlements of DOD peacetime airlift augmentation business in direct proportion to the capability they contribute to emergency mobilizations. I take it the airplane that went down in Canada at Christmas, which was somewhat unsafe, as we understand, was one of those. In addition to what we think are the civil fleet, are there these private carriers, retired generals or someone, who make it 100 percent available in times of crisis so therefore they get a lot of the contract business?

Mr. MOORE. Sir, I can give you an initial answer, and then maybe General Kondra can add to it. Every carrier that we contract with is a certified carrier by the Federal Aviation Administration. We contract with regularly scheduled airlines, and we contract with the contract carriers or the carriers that operate aircraft strictly under contract agreements. But all of these carriers are

certified by the FAA. They also have to pass an extremely stringent Military Airlift Command inspection, review by a special board that looks at each one of these carriers. Every carrier that we contract with has to meet our safety requirements as well as those of the Federal Aviation Administration.

General KONDRA. The group at MAC, the air carrier review group who looks at the airlines that are going to do DOD business not only looks at their maintenance, their safety, but they look at their financial health. They look at the whole thing to see if there are any indicators.

They have a tremendous computer base of data that they can use and they can get into and look at, obviously, proprietary, and they have been able at times to point out to FAA somebody they thought maybe because of financial problems might have a tendency to be shortcutting operations, and FAA has then gone and looked at them. So those airlines that operate with us get a very good scrutiny as to whether they're safe or not.

Mr. MOORE. I might mention also that they are limited to 40 percent of their revenue from DOD.

Mr. MCEWEN. That didn't answer the question. I mean, after all this protestation, we're about to get down to the question, which is, you say in order to participate in the plan you cannot be more than 40 percent DOD contractor?

Mr. MOORE. That's correct.

Mr. MCEWEN. So when you hire a charter service to bring people back from wherever, they have to be at least two- thirds commercial committed?

Mr. MOORE. Yes, sir.

Mr. MCEWEN. Now, when these planes are participating in the airlift, you say that commercial pilots fly the plane?

Mr. MOORE. Yes, sir.

Mr. MCEWEN. Okay. Under Operation Desert Shield, what percentage of the CRAF flights were actually employed in Middle East operations?

General KONDRA. What percentage of CRAF flights?

Mr. MCEWEN. Yes.

General KONDRA. I don't have an exact figure for you, but I can tell by looking at it on a daily basis, Congressman, that there has been at least 25 to 30 flights per day committed to Desert Shield, and of that number I talked about, a low of 25 and a high of 53, the others have been used to satisfy DOD requirements around the rest of the world. So of that 38 airplanes, somewhere in the neighborhood of 24, 25, 26 per day are scheduled against Desert Shield missions.

Mr. MCEWEN. Thank you very much for your testimony.

Thank you, Mr. Chairman.

Mr. ANDERSON. Mr. Borski or Mr. Mineta?

Mr. MINETA. Thank you very much, Mr. Chairman.

As I understand the program, Mr. Moore and General Kondra, you call up the planes by tail numbers. There's a mixture of cargo and there's a mixture of passenger type planes. Just out of curiosity, are there any combies in those call-ups? Do we have very many combinations? Let's say a 747 combination passenger and freight?

General KONDRA. There's only one combination airplane that I know of, and it is used on the DOD channel right now. There's only one. We have a second one that we are about to put on call to satisfy on—call requirements, but against channel requirements, sir.

Mr. MINETA. To the extent that once you have the plane on property, they really come like wet leases. You've got the crew, you've got the plane, your fuel, I guess, goes in, or do they also bring their fuel with them?

Mr. MOORE. I believe they bring their fuel with them.

General KONDRA. It works both ways, I am told.

Mr. MINETA. Okay. So you've got a plane ready to go. Suppose it sits there for three days. It's not utilized. Is the carrier still being compensated for the fact that you had the plane on your property ready to go, but that tail number hasn't been scheduled to fly something?

General KONDRA. Let me answer that in that when I talk about what we are about to institute—a program of having an airplane on call to do channel, and it has nothing to do with Desert Shield. This was being done before Desert Shield, and part of the contract is that we will guarantee him so many hours per day, and if he doesn't fly, if we don't use him, we will then go ahead and pay him. That's one side of your question.

Those airplanes committed against Desert Shield are committed to missions, and I do not have the figures available as to downtime of airplanes that have been committed to Desert Shield which we are not providing them with the hours per day that we're contracted to do.

Mr. MINETA. General, if you would provide that for the record—

General KONDRA. I'll get that for you, Congressman.

[The following was received from General Koudra:]

AIRCRAFT UTILIZATION

Cargo aircraft have had very little down time since CRAF activation. When they did, it was at the request of the carrier. In October, there has been a single carrier, with a single B707 that has been underutilized. We have not found enough DOD requirements to use that aircraft, but have informed the carrier that we were not likely to need it. Thus, the carrier has been able to use the aircraft in commercial business.

Passenger aircraft have not always been utilized to the maximum capability of CRAF Stage 1. In most cases since September 1, troops have had to delay their departure from CONUS in order for their arrival in Saudi Arabia to coincide with the arrival of their equipment traveling via sealift. Thus passenger requirements have come in peaks and lulls. During peaks all passenger lift available was tasked. Because this activation occurred during the peak commercial passenger season, many CRAF carriers preferred to keep their aircraft in commercial service. During the lulls, we utilized volunteer CRAF carriers before we tasked carriers who had a better revenue stream in commercial service. Most carriers were satisfied with the arrangement.

Mr. MINETA. I think in all fairness to the carriers, it seems to me if we're going to be drawing resources from them, and let's say United gives up three 747s out of the Pacific Basin, that means they're losing capacity against Singapore Airlines or Japan Airlines or some other carrier.

General KONDRA. Yes, sir.

Mr. MINETA. And they've got to be shifting their own resources. Now, in today's paper, American Airlines is laying off people, and

they're going to be trimming 1,000 jobs. TWA has already announced. A number of others have announced that they're cutting back in terms of the number of employees. What happens in terms of these planes that are coming to you? I take it that they not only have the flight deck crew, but they also have flight attendants as well?

General KONDRA. Yes, sir.

Mr. MINETA. So in any event, you are held harmless, I guess? You're going to have those planes with crews to fly them for your Operation Desert Shield in any event?

General KONDRA. The cutback in the airlines—and I have not seen the article that you refer to—but the commitments from the CRAF, and, again, realize that we're talking right now in Stage 1 of only 38 airplanes, I do not see that being any impact on their commitment to what we're doing at this present time.

Mr. MINETA. And if we were to get into a shooting situation, what kinds of resources do you think you'd have to rely on?

General KONDRA. Sir, I know what I have organic, I know what I have Reserve-wise in reserve. I must tell you that if the requirements are there, and it would be a very strict task to take a look and see as to whether anybody would go past Stage 2—I notice that there's a great deal of concern about Stage 2 and Stage 3 and the impact on the airlines, and I assure you that we share that concern, but I think it's worth mentioning who would be the people who would activate Stage 2 and Stage 3.

Stage 1, General Johnson has the authority to do, as Commander-in-Chief of the Military Airlift Command. Stage 2, the Secretary of Defense has the authority to activate. Stage 3 can be activated only after the President and the Congress have declared a national emergency, and then Secretary of Defense would do it. So you can see, obviously, that as we go up in the stages, there is a great deal of concern of what that impact would be on the economy and on everything else, and it would be a rather grave step before we would go to Stage 2 or Stage 3.

Mr. MINETA. At Stage 1, do you still have enough capacity?

General KONDRA. We had enough to satisfy our requirements for this operation, sir.

Mr. MINETA. Have you had any complaints from the carriers about being called up and not being compensated?

General KONDRA. I am not aware of any. No carrier has come to me with a complaint of not being compensated after being called up. We have made it a very conscious effort to keep them fully employed. At one time, we had a shortage of passenger requirements. There was a lull in the requirements. We tried to give the passenger-carrying people as much notice as possible that they could use their airplanes for other purposes.

Mr. MINETA. Well, I guess maybe you haven't heard the complaints I think some of us have. I guess complaints about utilizing the aircraft, because they don't want to give them up and have them sit there and then not be compensated for it. So to the extent that there may be any problems, have you thought about what *kind of remedies you might consider, if that's a major problem* that persists?

General KONDRA. I think that this will be part of that ongoing dialogue that has happened over the last 38 years, sir. That is, each time we've gotten into a contingency and we've used volunteers, and even though we've activated this time, that this has been an evolutionary program and that will be part of the evolution that will come out as we have time to sit back and look at the lessons learned from this operation.

Mr. MINETA. Have we had any military pilots flying any of these commercial aircraft for Desert Shield?

General KONDRA. Do you mean by that Reserve people, sir?

Mr. MINETA. Active duty? Let's start with active duty first, and then——

General KONDRA. Okay. No, sir. No active duty flying United Airlines, no, sir.

Mr. MINETA. Okay, what about Reservists?

General KONDRA. I'm sure there are Reservists flying for the airlines, obviously, that have not been called up.

Mr. MINETA. And what would happen then? Let's say if a person's a member of the C-141 wing at Travis, and he's also a captain for a 747 based out of San Francisco, and all of a sudden——

General KONDRA. We did an audit—the Air Force Audit Agency a year ago last summer, sir, which took a look at this very question, do we have people double committed? Do we have people committed to the CRAF and committed to the Associate Reserve Program, which is what you're talking about? The answer was less than 1 percent of those committed in the Reserves were also committed in the CRAF, and we think we have put procedures in effect now that will allow for the bookkeeping that will not allow to happen.

Mr. MINETA. Now, were any of the commercial aircraft used to transport refugees from Jordan or Iraq or other countries in the region?

Mr. MOORE. No, sir. We've had no commercial aircraft that have been involved in the transport of refugees. We have had three military missions with a 141 where we moved some refugees, approximately 140 in each mission, that were moved from Jordan into Sri Lanka, Bangladesh and the Philippines, but none of the commercial aircraft that we have under contract were used in that role.

Mr. MINETA. Mr. Moore, what about secure communications equipment? Has that finally been resolved, or are you still having some problems with telephones and fax machines?

Mr. MOORE. Perhaps I should to let General Kondra respond to that.

General KONDRA. As far as secure communications, we have the capability, sir, with all of the airlines; we do have a secure communications problem aircraft-wise in flight. But as far as being able to communicate with the airlines, the representatives, we do have secure phone capability with them. That is one of the issues we are still working, the secure comm with the aircraft.

Mr. MINETA. Are you saying that the CRAF carriers have secure communications?

General KONDRA. Their parent companies have secure communications, sir. Each aircraft does not. Neither do my military aircraft have secure communications in each one.

Mr. MINETA. Are you intending to have the airplanes themselves equipped with secure communications?

General KONDRA. That is one of the issues, sir, that we're looking under the National Defense Features Program, being able to install secure communications for the commercial aircraft.

Mr. MINETA. Is that a policy issue or is that a budget issue?

General KONDRA. It's a budget issue, sir. The policy is there, it's a budget issue.

Mr. MINETA. And how long will it take before that gets resolved, then?

General KONDRA. I can't give you an answer, sir. I don't know how long it will take.

Mr. MOORE. We do have some money that has been set aside for national defense features for the CRAF Program, but the decision on how to spend that money is yet to be made. We have several options. One is the communications equipment to which you are referring another one is some equipment to enable them to handle 463L military pallets and there are some other options at which we are looking but we haven't made a final decision on how to expend those funds.

Mr. MINETA. Now, are all of these personnel involved in CRAF operations, whether it's planning or flying, are they required to have a security clearance?

General KONDRA. The answer is yes, sir. I wasn't sure if all of the crew had to have a security clearance or not. Yes, sir, they are.

Mr. MINETA. And has that been a problem—in securing any kind of the proper security clearances—has that been a problem in getting the flight deck crew, for instance, flying a specific airplane for Operation Desert Shield?

General KONDRA. I'd have to say no, sir, because if it had, I would have heard about it and would have known that there was a problem. There has not been a problem as far as I know in getting that. That's one of the nice things about having this program in being, you're able to work those type of issues and have that system in being when you need it.

Mr. MINETA. Well, I want to commend everyone from General Stanford on down, the U.S. Transportation, the sealift people, you at the MAC level, and Mr. Moore and all the others who are involved in this. Having chaired the Aviation Subcommittee after the very distinguished service of Chairman Anderson, you know, I was aware of the CRAF Program, I was here at the time of the Vietnam War, but this is the first time it's been activated, and given the fact that that standby authority has been around all these years and now to push the button and see it work like this I think has been very heartening. I'd like to commend everyone involved for their part in making sure the thing works. Thank you very much.

Thank you, Mr. Chairman.

Mr. ANDERSON. Thank you, Mr. Mineta.

I have one more question, kind of a follow-up on my previous one. A little different.

Mr. Moore, is there adequate airlift enrolled in the CRAF to meet foreseeable military needs for both passengers and cargo?

Mr. MOORE. As of right now, based on the analyses that we have done—and as you probably know, these analyses are ongoing and particularly with the changes in the world situation, we are starting on a review of our mobility requirements—but based on the analyses we've done and based on what's happening in Desert Shield, I'd have to say that the commercial capability that is available has been adequate to meet our requirements.

Again, we will be reviewing those requirements, and we may need to provide an update of those requirements to the Department of Transportation, but to date they've provided us with the capability that we have asked for.

Mr. ANDERSON. Mr. Borski?

Mr. BORSKI. Thank you, Mr. Chairman.

Mr. Moore and General Kondra, I want to follow up on Mr. Mineta's commendation for you and the program. From all reports, Stage 1 of CRAF was a huge success. And I would just like to ask, I guess, a little bit of follow-up to Mr. McEwen's question. Are you giving any thought to the possible use of increased foreign carriers should Stage 2 be needed?

General KONDRA. I can tell you from the view that we at MAC have had, and we won't make that decision. That obviously will be made by the Department of Transportation. The view was that if you can get free airlift, then for the good of the country we ought to take free airlift. But as far as using foreign carriers if we had to do Stage 2, we wrestled with Stage 2 whether there was a requirement, but no discussion ever of using foreign carriers as part of that, sir.

Mr. BORSKI. Mr. Moore.

Mr. MOORE. I might comment in a general way. We have, as you probably know, contracted with several foreign flag steamship companies, and we're using some 40 foreign flag ships. The only foreign airlift that we have employed has been the donated airlift. Thus far, we have not had to consider the option of contracting for foreign airlift.

If a situation arose where there were no volunteers out of the U.S. commercial sector, it is conceivable that we might consider going to foreign charters. We have in peacetime some limited foreign airlift support where there is no U.S. capability available. But as General Kondra indicated, up until now we haven't really had to consider that issue, because there has been ample commercial capability made available to us.

Mr. BORSKI. So, sir, then you would feel confident if Stage 2 were needed that the CRAF Program as it is instituted would be successful?

Mr. MOORE. I feel confident that it would be. It's not going to be done without any impact. It would certainly have an impact on the transportation industry and the scheduled carriers, but I am convinced it would work. I have no reason to suspect that it wouldn't.

Mr. BORSKI. Have our airlines expressed any concern to you about the possibility of using foreign carriers?

Mr. MOORE. The possibility of using foreign carriers? No. I've had none that have mentioned that subject.

General KONDRA. Obviously, when some of the foreign carriers, say Korea, offered free flights, I think there may have been. I don't

know if the commercials were concerned about that. As mentioned earlier, we've had 10 missions so far that have been donated by Korea or Japan, either of them paying for it. With my American hat on, it seems very hard to not accept free airlift if I had the requirement to do that.

Mr. BORSKI. Thank you, gentlemen.

No further questions, Mr. Chairman.

Mr. ANDERSON. Thank you, Mr. Borski.

Mr. McEwen.

Mr. MCEWEN. What do we pay the commercial carriers in peacetime?

General KONDRA. It is a contractual agreement, sir, that is based on fair rates, and I don't have an exact figure for you, but that is done through a contract, and it's based on what is an agreed upon rate that they would be paid for passenger and for cargo.

Mr. MCEWEN. But they're paid a certain amount, even though you never use them, right?

General KONDRA. Negative, sir. They are not. There's a great misunderstanding that CRAF is paid whether you use it. They are paid for volunteering to the CRAF by having the opportunity to participate in the $500 million to $600 million worth of business that the DOD does each year. They gain mobilization points, and the number of points they get determines how much of that business they are given the opportunity to fill.

Mr. MCEWEN. Give me that last sentence again?

General KONDRA. They receive mobilization points by the number of aircraft that they volunteer to the CRAF. We do $500 million to $600 million worth of business each year in the Department of Defense——

Mr. MCEWEN. You take them off the list in proportion to the amount of points they have?

General KONDRA. Yes, sir. They are given the opportunity to fulfill that business for DOD. That's their payment.

Mr. MCEWEN. It appears to me like they ought to volunteer all their aircraft. Then they go to the top of the line, and they've got a guaranteed contract service.

General KONDRA. But you will also find some of those who have volunteered and have done that may be some of those same people who feel now they have been activated and they have had to participate in and that maybe that's not quite as good a thing.

Mr. MCEWEN. Going on a 40-year chance and not hitting it, I would have lined up all my aircraft. Thank you. [Laughter.]

Mr. ANDERSON. Thank you, Mr. Moore and General Kondra, for your presentation.

[Mr. Moore's prepared statement appears on p. 70.]

[General Kondra's prepared statement appears on p. 63.]

Mr. ANDERSON. Our final panel today consists of Mr. Nestor Pylypec, the Vice President for Industry Services of the Air Transport Association. Also testifying will be Mr. Edward Driscoll, President of the National Air Carriers Association, and Mr. Driscoll is accompanied by Mr. James W. Hlavacek, the Executive Vice President of American Trans Air; Mr. Pat Costelloe, Director of Regulatory Affairs and Fleet Planning for Evergreen International Airlines; Mr. William G. Langton, President of Southern California Air Trans-

port; and Mr. Brent W. Robinson, Vice President for Government Operations at World Airways.

Would you please rise and raise your right hands?

[Witnesses sworn.]

Mr. ANDERSON. Mr. Pylypec, you may begin.

TESTIMONY OF NESTOR PYLYPEC, VICE PRESIDENT, INDUSTRY SERVICES, AIR TRANSPORT ASSOCIATION; EDWARD DRISCOLL, PRESIDENT, NATIONAL AIR CARRIER ASSOCIATION, ACCOMPANIED BY WILLIAM G. LANGTON, PRESIDENT, SOUTHERN AIR TRANSPORT, JAMES W. HLAVACEK, EXECUTIVE VICE PRESIDENT, AMERICAN TRANS AIR, PAT COSTELLOE, DIRECTOR, REGULATORY AFFAIRS/FLEET PLANNING, EVERGREEN INTERNATIONAL, AND BRENT W. ROBINSON, VICE PRESIDENT, GOVERNMENT OPERATIONS, WORLD AIRWAYS

Mr. PYLYPEC. Thank you, Mr. Chairman.

Good afternoon. My name is Nestor Pylypec, and I am Vice President for Industry Services of the Air Transport Association. The Air Transport Association represents 23 airlines, both passenger and cargo, which carried over 450 million passengers and 12 billion ton miles of freight and mail last year. I have provided a statement for the record, and I have a brief oral statement.

I am pleased to be here today representing the U.S. airline industry to discuss the operation and effectiveness of the Civil Reserve Air Fleet (CRAF) Program. As you know, the Desert Shield deployment is the first time that the Air Force has activated a stage of the Civil Reserve Air Fleet, which was first established in 1952 by a Joint Memorandum of Understanding between the Department of Defense and the Department of Commerce.

Under the plan, participating airlines voluntarily commit aircraft to CRAF to support national security interests when DOD airlift requirements exceed the capabilities of MAC aircraft. Under the contract the airlines sign with MAC, the airlines commit specific aircraft to the three stages of CRAF. In an emergency situation, these aircraft can be activated to augment MAC transportation resources.

The three stages of CRAF are designed to reflect the various levels of a transportation emergency. For example, Stage 1 includes approximately 40 aircraft, Stage 2 has 190, and Stage 3 has 505 aircraft. Stages 1 and 2 allow for 24-hour notice to the airline, and Stage 3 requires 48 hours notice.

After the President decided to send troops to Saudi Arabia in response to Iraq's invasion of Kuwait, the Military Airlift Command—MAC—immediately sought out additional commercial airlift capacity. For the first several days of the build-up, the airlines offered all the lift that MAC needed under the normal contractual arrangements with the Government. However, on August 17th, MAC decided to go a step further. It activated Stage 1 of the CRAF Program, under which 16 U.S. airlines were obligated to provide up to 38 widebody aircraft. Slightly less than half of the 38 planes in Stage 1 are passenger aircraft.

Long range passenger jets have been used not only to transport troops to the front, but also to transport civilian evacuees, mostly

women and children, back to the United States on their release from Baghdad and Kuwait City. Some airlines set up round-the-clock control centers to monitor commercial aircraft operating under military call signs. Although the aircraft are under contract to MAC and MAC has responsibility for mission control, the airlines retain the operational control responsibility for keeping track of and providing logistical support to their own aircraft.

The airlines also remain responsible for the safe operation of the aircraft which are flown by civilian crews provided by the airlines. The airlines must assure that crews are briefed on the presence and handling of hazardous shipments, which, of course, are quite common in a military airlift. The airlines also handle repairs, provide all necessary spare parts, provide domestic and overseas facilities, as well as fuel and loading equipment.

In terms of the number of aircraft MAC has taken out of the commercial fleet and the number of airline pilots taken into the service, the airlift has had little impact on the commercial service to date. The airlines have had to juggle aircraft and crews and have had to cancel some flights, but these have been relatively minor inconveniences to the airlines and to the traveling public.

Under these circumstances, it is fair to say that the CRAF Program would command a considerable amount of attention from the airlines if MAC were to activate Stage 2. Under Stage 2, MAC would be entitled to requisition more than 180 aircraft, as well as crews to fly them. At this time, no one is expecting Stage 2 and certainly not Stage 3, which was designed to support a NATO-Warsaw Pact conflict in Europe and which would involve some 500 aircraft.

Clearly commercial service would suffer if MAC had to take many more planes or crew than it has to date. Nevertheless, the first ever activation of the CRAF Program has been successful. Our military transportation and logistics specialists, in conjunction with the private sector, have performed incredible feats over the last two months. The private sector, as hoped, has provided valuable lift capacity to the military in a time of crisis—lift the military could maintain on its own only at an incredible expense. The CRAF Program not only helps move troops and supplies when needed, but it also saves the taxpayers billions of dollars over the life cycle of the aircraft.

Another important aspect of the CRAF Program is the insurance provided by the Department of Transportation under title XIII. The insurance covers aircraft, the airline's liability for cargo, personal effects of crew and persons transported, and crew and persons transported in the case of loss of life, injury or detention.

Initially, the insurance coverage was issued on a mission basis, requiring the airlines to obtain quotes for each mission. When a specific mission was changed on short notice, the airline was required to seek new quotes for the amended mission. However, this problem has been somewhat alleviated by changing the coverage to a weekly basis.

Just as the experience of the past several weeks has shown the importance of civilian aircraft to military operations and the need for continued Government support of the CRAF Program, so too it has shown the need for some fine tuning to ensure the program's

future success. We think the Government should continue to support incentives for airlines to commit aircraft to Stages 1 and 2. Traditionally, the primary incentive has been the promise that MAC would favor airlines making the greatest commitment to CRAF when awarding its considerable peacetime business. That policy needs to be reaffirmed.

One important aspect which has been improving is the crew briefing. The airlines must assure that the crews are briefed on the presence and handling of hazardous shipments, which are more common in a military airlift. It is imperative that military services inform the carriers of the hazardous materials they are carrying, since DOD, as the shipper, has the responsibility under the special conditions applicable to these missions to give proper crew notifications and to secure advance written permission to operate through civilian airports with extraordinarily hazardous materials aboard. There was a need for special attention and training with respect to these areas early in the operation, but after initial problems, the procedures have substantially improved.

Another suggestion would be with regard to the Senior Lodger arrangement for support of commercial aircraft operating off-line in connection with military missions. Since the Senior Lodger provision, which identifies a CRAF airline to manage CRAF operations at specified airports, has not been operative in the Operation Desert Shield, DOD should develop arrangements for ground service and en-route stops to provide coordination, not only for diplomatic clearances and airport safety clearances, but also to obtain fuel allocations en-route and returning. This would streamline arrangements for turnaround of commercial aircraft operating at military bases in the zone of military operations and at en-route airports not normally used by the airlines.

In conclusion, I think the Desert Shield deployment is something to be proud of. The military, with the support of the private sector, has done a remarkable job of putting men and machines in place quickly on the other side of the world to protect some very important U.S. interests. Plans crafted in the past to support a rapid deployment have worked well. However, there is still work to be done to ensure the kind of military-industry partnership needed to support future deployments.

In addition, we believe our crews and others involved in the current airlift deserve special recognition from the Defense Department for the excellent job they are doing. Thank you for your attention, and I will be happy to answer any questions that you have. Thank you.

Mr. ANDERSON. Thank you, Mr. Pylypec. We'll hold the questions until a little later.

Mr. Driscoll, I might suggest you summarize your statement, because it will appear in full in the record.

Mr. DRISCOLL. Thank you, Mr. Chairman. I'll be pleased to summarize, but first I would like to make note that I am accompanied here by some of the officials of the member carriers; specifically, on my left is Mr. Langton, who is President of Southern Air Transport; Mr. James Hlavacek, Executive Vice President of American Trans Air; Pat Costelloe, Director of Regulatory Affairs, Evergreen International; and Brent Robinson on my right, Vice President of

Government Operations at World Airways. These are carriers who have participated in Desert Shield and other operations for MAC. I will be pleased to summarize my statement and hit the salient points that we would like to make.

We're pleased that you are holding the hearings, but we do feel it's a little premature to try to make a complete assessment of the impacts or changes that may be necessary in the CRAF Program. The one thing we can say, however, is that Desert Shield has been a tremendous success from the standpoint of the support the civil carriers have provided and the way the civil carriers and the military have operated side by side.

While in this case it was necessary to exercise and call up a stage of CRAF, which it has not been required to do in the past, the civil carriers responded. They have always responded to emergencies. They have been involved in the Korean airlift and all of the ones that were mentioned here earlier, such as the Berlin Airlift—they were in support of that—and they have been in support of Vietnam and operated into areas under fire, some of them having aircraft damaged, but no question as far as responsiveness is concerned.

I might point out that in connection with the deployments, the first two carriers to depart, one with passengers and one with cargo, were members of NACA. World was the first carrier to depart Pope AFB with a passenger load; and Southern was the first to depart with cargo.

The carriers have supported this by making not only the aircraft that were called up under Stage 1 available, but they have made voluntary contributions in advance of the call-up and have continued to make those voluntary contributions. The carriers here represented and a couple others provide 109 aircraft to CRAF, including 49 of the 141 cargo aircraft commitment to the long range international, which represents approximately one-third of the 17.4 million ton miles of cargo per day which CRAF does generate.

I have summarized, Mr. Chairman, some of the background and we believe without question that the civil carriers' support of MAC in all types of emergencies has been clearly demonstrated and that they can be relied on in the future. CRAF is a living thing and something that should be further enhanced. However successful it has been, there are always ways for improving it.

One such way is when the military calls CRAF, the government should compensate the carriers for those aircraft being available to the military. Whether the government use them or not. Under the current arrangements, the carriers only earn compensation when a service order is issued by MAC for the use of that airplane.

I know the committee has asked questions about compensation here today, and I thought I should explain that some of my carriers have had airplanes committed to the CRAF and to Stage 1 which have not been fully utilized, and therefore there should be a standby charge similar to what the military themselves charge when they make a C–5 or a C–141 available to a purchaser for airlift service. They charge a per hour rate. If the airplane stands by and doesn't fly, they still charge an hourly rate for the days it doesn't fly, based on a minimum number of hours. Therefore there appear to be two standards.

CRAF was initiated, as you know, in 1951. It became viable really in about the 1960 period, when "The Role of MAC in Peace and War" was published and I think what has been developed here is something that involves business decisions. At the time the carrier submits a proposal to MAC, which happens on a three-year cycle basis, it determines how much of that civil business it wants, and then it bases its bid on a number of aircraft to assure that it gets that. It makes a business judgment: "I want that airlift, I want that business, and therefore I agree to give you, military, so many aircraft in Stage 1 and so many in Stage 2." There is no mobilization value for Stage 3 aircraft.

The carrier makes a business decision. Therefore, in answer to your question, Mr. Chairman, contained in your letter: Was there actual impact or potential impact? The impact is known at the time you enter into a business decision. If I'm called up to provide four crews for 10 hours a day for the aircraft under a Stage 1 or 2 or 3, I am fully compensated for that because I made a business judgment I wanted business in advance during peacetime, so I potentially say I will give you those airplanes under a Stage 1 or 2 call-up.

Desert Shield was a success. There are some things that happened in this that should be of great interest to the Public Works and Transportation Committee, Mr. Chairman, because they specifically get into the civil area—Title XIII insurance, for example. Under the statute, it can be made available on a non-premium or premium basis. Non-premium for Government operations, which it was, and I might say the FAA responded and made it available on commercial operations, especially those that we determined to be necessary in the foreign policy interest of the United States.

However, the rates that it was made available at were not the rates that had been in existence prior to the emergency. They were inflated rates. They were probably less than some of those that were available at the commercial market, but nevertheless, with the rising cost of fuel, declining traffic, and then high rates for war risk insurance, it could drive the carriers out of the marketplace, because they are competing in that marketplace with foreign-owned airlines who are usually subsidized by their governments or available insurance. We believe title XIII should be amended for insurance made available on a premium basis that can be set at the rates that are in existence at the happening of the emergency and not inflated rates.

The FAA was very responsive insofar as crew duty time is concerned. The carrier requested, MAC supported, and they granted for cargo flights up to 150 hours per month. That was a condition that was set out for a Stage Lesson learned—that probably should be in each stage of CRAF, Stage 1, 2 and 3, so it would be automatic, and one wouldn't have to apply for it.

In conclusion, Mr. Chairman, the NACA carriers are proud of their participation, as they have been proud of their participation in other airlift emergencies. This has demonstrated again the responsiveness of the civil carriers, and it has demonstrated that much needs to be done in the cargo area in order to enhance the capability for MAC as well as for commercial operations.

It is interesting to note, Mr. Chairman, and this gets into the civil side of things, that as far as commercial operations are concerned, the U.S. share of the worldwide commercial passenger market is approximately 65 percent, whereas the corresponding figure on cargo is only 36 percent. I'm sure this is something that probably will be addressed when Chairman Oberstar holds his hearings on international aviation.

We have been encouraging DOD to initiate and develop a strategy for negotiating broader coverage of cargo operations with the EC as well as other countries. A necessary condition precedent to this, however, is to develop through a conference a strategy that would be developed with all carriers that are contributing to the cargo system. This has not occurred.

One other interesting point in connection with narrowbody equipment—DC-8s, 707s, 727s. These are airplanes that are still being used commercially. The DC-8 and 707 were found vital to MAC in their use in Desert Shield; and they are in the CRAF Program. They were able to operate into places where widebody aircraft requiring sophisticated offloading equipment could not go. So they are a vital part and they should remain a vital part of the system.

And we believe there is no question concerning the responsiveness of CRAF. We think it should be continued, and I think when questions are raised about what happens when you get into a Stage 2 or a Stage 3, Mr. Chairman, you have to look at the scenario and the system that will be in effect if that ever happens. Certainly, as was answered—I think it was by General Kondra—the check and balance system of calling up a Stage 2 and a Stage 3 is well in place, and it will be in a different world if we ever get to the point of calling up a Stage 3, because we'll be engulfed in a worldwide conflict.

Thank you very much. I would like, Mr. Chairman, to say that the members accompanying me will be free to answer any questions you may have or you can direct questions to me, however you'd like to proceed, but each one of them is prepared to answer questions that you might have.

Mr. ANDERSON. I'm going to ask a series of questions in a few moments and invite any or all of you at the table to respond, but first I'd like to ask each of you to give us a brief sketch of your own aviation background. I've been told it's quite interesting.

Mr. DRISCOLL. Mr. Chairman, I've been involved in aviation for about 30 years. I was a Deputy Assistant Secretary of the Air Force in the period of the 1960s; I then was Executive Director of the Civil Aeronautics Board; I was then a Vice President and Assistant to the President of World Airways; and since then I have been Chairman, President and CEO of the National Air Carriers Association.

Mr. PYLYPEC. Mr. Chairman, I have been in the aviation industry for approximately 31 years. I started my aviation career when I was going to school and had begun by my working for Capitol Airlines here in Washington. Subsequently, I was employed by the Independent Airlines Association, which is a predecessor to NACA, and was involved in the preparation of military and charter bids and aircraft dispatch and matters of that sort.

For the past 28 years, I have been with the Air Transport Association in various capacities, all of which, however, were in the traffic area and such programs as passenger and cargo services; air mail; air express; the administration of the Travel Agency Program; the administration of the military SATO Program, whereby we provide travel management services at military installations domestically and overseas for the Department of Defense; the allocation and the administration of aircraft slots has been one of my responsibilities as well; and the oversight responsibility for the Air Travel Card, an industry credit card system. So it's been varied, but mostly in the traffic arena. Thank you, sir.

Mr. LANGTON. Mr. Chairman, my name is Bill Langton. I'm with Southern Air Transport. I've been in the industry approximately 20 years, starting with Flying Tiger, then Alaska Airlines and Evergreen International in various management positions—flight operations, finance, sales, and so forth. I have been President of Southern Air since 1983.

Mr. ROBINSON. I'm Brent Robinson, and I guess I began a love affair of aircraft when I was about eight years old, and I've been in love with them ever since. I've been specifically with World Airways for a little over two years now in various capacities working with our Government Operations.

Mr. HLAVACEK. Mr. Chairman, my name is Jim Hlavacek. I'm with American Trans Air. I started in the Air Force as an Air Force pilot back in the late 1950s. I've been involved in aviation since that time. I spent about 18 years with Continental Airlines. I've been with American Trans Air since 1983 and presently serve as Executive Vice President of American Trans Air.

Mr. ANDERSON. Mr. Costelloe?

Mr. COSTELLOE. Thank you, sir. My name is Pat Costelloe, I'm presently with Evergreen. I've got about 40 years in the business—20 years in the military, and the remaining 20 years has been on the commercial side of it—in various functions of flight operation, scheduling, Government operations, particularly with the Military Airlift Command, since some of my previous experience had been in that arena before I came out, and I've enjoyed it. It's quite a career, and this Desert Shield operation that we just completed is just an earmark of where we're going with this industry. Thank you.

Mr. ANDERSON. Very impressive. I might tell you a secret. I was elected Mayor of the city of Hawthorne in 1940, and in 1941 I built the Hawthorne Airfield—it's now called the Northrup Airfield—and if you've flown out there, you've probably seen it. So I've been involved, not like you've been but in a way, for almost 50 years.

I do have some questions here. The first one is, did the CRAF call-up cause undue problems or hardships on airline pilots and crews, and if so, what were they and whose responsibility were they to solve?

Mr. DRISCOLL. From our standpoint, Mr. Chairman, the NACA carrier standpoint, I know of no problem with any crews or the call-up of the CRAF. Now, if you're talking about the military calling pilots or people that are pilots to active military duty, I think this is something that has always been anticipated. They have been identified, the ones that are in the airlines, and those are not part

of the four crews per aircraft that a carrier commits to MAC. So therefore the call-up would have no impact upon MAC whatsoever or should have none upon the CRAF Program.

Mr. LANGTON. The only thing I'd like to add is that the fact that we fly for the military as a participant in the CRAF Program throughout the year made the call-up of Stage 1 an easy transition. All of our flight crews were already well briefed and knew how to operate within that arena.

Mr. PYLYPEC. Mr. Chairman, as far as our members in the Air Transport Association are concerned, we're not aware of any significant crew problems. There were some initial communication difficulties and administrative type matters but nothing that presented any significant difficulty. It was all quite manageable.

Mr. ROBINSON. Mr. Chairman, I don't think there was anything that wasn't manageable. Again, having a process in place where we have an infrastructure with the military makes it very easy to transition to this kind of an operation. There are some issues when you start trying to transit for very long stage lengths with getting crews there and getting them there legally within the FAA requirements, and to respond to your other part of the question, I think that's clearly in the carriers' purview to resolve those issues. They're issues that need to be taken care of from an operational standpoint.

Mr. ANDERSON. Were any pilots or crews asked to work hours beyond normal safety limits?

Mr. DRISCOLL. To my knowledge, Mr. Chairman, nobody was asked to work beyond normal safety limits. I do think, as has been explained here, there are long days. They're all done within the rules and regulations, but not having places to billet crews in Saudi Arabia, you fly in, you turn, and you ferry the airplane out, all within rules and regulations. But it does put in a long day on the pilot or the crew, but then they get their sufficient rest when they return to their place where they started from, such as their base in Europe.

Mr. PYLYPEC. Mr. Chairman, I wish to echo Mr. Driscoll's remarks. We're not aware of any safety implications or anything along those lines.

Mr. ANDERSON. I think we've been told that there had been some beyond that. I was going to ask was it necessary, but if there wasn't any, then I don't need that part.

Mr. PYLYPEC. We're not aware of any, at least.

Mr. BORSKI. Mr. Chairman.

Mr. ANDERSON. Yes, sure, Mr. Borski.

Mr. BORSKI. Mr. Driscoll, how long of a flight is it to Saudi Arabia?

Mr. DRISCOLL. I would say it's probably about 15 hours round-trip from Europe. Let's say they base in Brussels or they base in Frankfurt, and roundtrip would be about 15 hours.

Mr. COSTELLOE. It's seven down, and it's about seven back. That's from Europe. That's not from departing the States.

Mr. BORSKI. Tell me what happens when they depart the United States.

Mr. HLAVACEK. Let's say you depart from the middle of the United States, say Ft. Hood or something like that. Traditionally,

there will be one stop into Europe. You have a crew change, then you depart out of that Europe stop down to Saudi Arabia, back in, and change crews again.

Mr. BORSKI. Thank you, Mr. Chairman.

Mr. ANDERSON. Was there any friction between pilots and crews called in the Reserve and those assigned by the airlines as part of the CRAF activation? Were there any problems?

Mr. DRISCOLL. I have no knowledge of that.

Mr. PYLYPEC. Neither do we, sir.

Mr. ROBINSON. I guess I'll respond a little bit differently. For many years, I think the carriers here at the table—that's our business. In fact, we've had pilots who were clamoring to be supporting this, and I remember one call I got at 2:00 in the morning from a pilot who said, you know, "Keep me legal, and I will stay out here and do whatever you need me to do for as long as you need me to do it." That's typical of the kind of response we got from our people and I'm sure we got from the rest of the carriers, also.

Mr. ANDERSON. This may be my last one. When and how are airline personnel made aware of the factors involved in the CRAF when it's activated?

Mr. DRISCOLL. When and how are personnel involved in the CRAF told when it's been activated?

Mr. ANDERSON. How are they briefed, I guess?

Mr. DRISCOLL. Well, first of all, MAC determines the call-up of the airlines and the activation. A message is sent to all airlines; however, there's probably been conversation before that via phone and so forth, so they're anticipating it. Then each airline takes and notifies its crews and so forth based on their normal procedures. I think since we have actual airline executives here, they probably could answer much more definitively than I can.

Mr. COSTELLOE. For those of them that are home that don't have a current assignment, we will get them by voice mail. The other people that are out in the system are waiting for their next assignment anyhow, and you will send them a message or you'll call them at their particular hotels or whatever location they're at, and you will brief them at that point.

As far as getting them in tune with CRAF to begin with, we do that in our recurrency training that's held at least once a year, twice a year for the captains, and we brief on these particular subjects. But, as Brent has pointed out earlier, those of us that are in this system and work with the Military Airlift Command as part of our overall annual contracts, our folks are used to this briefing and what's to be expected of them, so a lot of these items, up to and including some of the hazardous material handling, is already covered with our crews in advance of any kind of a call-up.

Mr. ANDERSON. So there hasn't been any real problem, has there?

Mr. DRISCOLL. No, sir, there hasn't been, but I could add one thing that I had failed to note from my statement when I summarized, that there is another section of Desert Shield, and that is the LOGAIR System that operates within the United States, and that also was in total support of Desert Shield while it operates between military depots. That was in complete support. That expanded about 40 percent to support the overseas activities, and the ability

to expand that was because we have dedicated systems, and the dedicated system is totally to the military and able to expand at any time at the call of AFLC or MAC.

Mr. ANDERSON. Mr. Borski?

Mr. BORSKI. Thank you, Mr. Chairman.

Mr. Pylypec, I'd like to ask you a couple of questions about your testimony. On page 6, sir, you have written, "In addition, MAC should rethink the incentives for airlines to commit aircraft to Stages 1 and 2. Traditionally, the primary incentive has been the promise that MAC would favor airlines making the greater commitment to CRAF when awarding its considerable peacetime business."

Mr. PYLYPEC. Yes, sir.

Mr. BORSKI. "That policy, which was reflected in a recent National Securities Council directive, needs to be reaffirmed." Has it been reaffirmed?

Mr. PYLYPEC. To the best of my knowledge, it has not been, but there has been an expression on the part of the carriers that the incentives for participation in the CRAF Program need to be restated and reaffirmed.

Mr. BORSKI. Do you feel comfortable with your line of communication on that concern?

Mr. PYLYPEC. Yes, sir.

Mr. BORSKI. In the next paragraph, sir, you have "In addition, when activated at a busy time of the year, the airlines can find themselves hard-pressed to meet their commitments to passengers holding tickets, and they run the risk of losing market share in both passenger and cargo business to foreign flag competitors." Has that also been communicated?

Mr. PYLYPEC. We have not officially communicated that, sir. We intend to, as a result of—just like the first point—following some additional time, we intend to have a lessons learned type of an exercise with the ATA member carriers that participated in this program, at which time we would then make the carriers' views known.

This latter point we made, sir, was merely to sensitize the Government to the risks and to the possibility that market share implications are involved in this, and think twice before you invoke Stage 1 or any other stage because of the potential consequences of this. It's not that we have a problem with the invocation of Stage 1; it was just merely we want to highlight the consequences.

Mr. BORSKI. I'm just curious if your concerns are being communicated and if they're being received or whether you're just making them known today.

Mr. PYLYPEC. We're essentially making them known today, but we intend to do this in a more formal fashion at a subsequent time, sir. We don't have all the facts yet.

Mr. BORSKI. Okay.

Mr. Driscoll, if I may, in your testimony, sir, on page 8, I believe—and I'm kind of following the same line of questioning and concern here—you write, "We have been encouraging DOT to initiate and develop a strategy for negotiating broader coverage of cargo operations with the EC as well as other countries." How has that been received?

Mr. DRISCOLL. Well, I'd say it has been well received, it was in a letter to the Secretary. We've had discussions with Jeff Shane, who's the Assistant Secretary about it. I think he intends to eventually do this. There are other problems, but I think it's one that unless we proceed rather rapidly, time could overtake. And I think this is an area that Mr. Oberstar will probably cover in his forthcoming hearings. We hope he will.

We're not saying this as being critical of anyone; we're saying it to highlight that this is a problem that affects the United States and not just a given group of airlines. We firmly believe that if we're going to expand the cargo capacity of the United States, which needs to be expanded, we need to be able to develop and get a greater share of the worldwide market.

Mr. BORSKI. Sir, on page 7, you state, "In some situations, carriers made aircraft available to MAC; however, service orders were not issued, and the carrier making the aircraft available received no compensation for the period the aircraft was standing by under the activation order." I just want to follow up. I believe that's what Mr. Mineta addressed to our earlier panel, and they seemed to be unaware of that. Have you or your group made the proper folk aware of your concerns here?

Mr. DRISCOLL. I'd say yes, they have been advised of our concerns on this, and this is why I have included it in the statement is that we believe this is a matter that is not intended by Defense and therefore that this will be corrected. I believe the line of questioning that went back and forth, the question not only from Mr. Mineta, but I believe from the Chairman, was,"When somebody makes aircraft available under a Stage 1 and you call them up and you've committed to provide 10 hours a day with four crews, then shouldn't you be compensated because you've made them available?" If they don't use them, that's their problem. And I think the answer to that question is yes, there should be compensation.

The way it is today, a service order has to be issued before the compensation begins, but I think the issuance of a service order is a ministerial function, because contractually, if you look at the contract, we commit to give them 10 hours a day, four crews per aircraft, plus numbered airplanes. If they accept those, then the compensation should begin, because we assume they're going to use those fully; otherwise, why would they have called them up?

Mr. BORSKI. Let me throw this question up in the air, if I may. In times of rising fuel costs, is there any danger that airlines will retire their CRAF aircraft on the grounds that they are too fuel inefficient to be competitive in regular passenger and cargo service?

Mr. DRISCOLL. I can't address that question.

Mr. LANGTON. Certainly. I mean, there's no question if your aircraft becomes non-competitive for maintenance costs or fuel consumption, it will eventually disappear out of CRAF, with the expectation that more fuel efficient and lower cost aircraft would work their way into the system, which is the natural progression of aircraft within our industry.

Mr. BORSKI. Does anyone else care to respond?

Mr. HLAVACEK. I would agree. I think the point that Bill made is well taken, that competitiveness in the industry determines what

kind of aircraft are available for the CRAF program, and as you commit or pull out, it's simply done on the competitive nature of the industry as a whole.

Mr. BORSKI. I guess my concern would be of particular timing now. We're not in danger at this point in time of aircraft being retired without replacement aircraft being available I guess is my basic concern.

Mr. HLAVACEK. Well, I think if you could tell me what the price of fuel was going to be, I could probably better answer that. I would say no, there's no immediate danger.

Mr. LANGTON. But I think there's another factor, and that's replacement. If there are no replacement, then that aircraft will, at almost any price of fuel, stay in the marketplace.

Mr. BORSKI. Because it will be needed for business?

Mr. LANGTON. Right.

Mr. ROBINSON. I think the key point is that the CRAF is an outfall of our other businesses, also. The CRAF doesn't drive necessarily our business decisions on acquisition of aircraft.

Mr. PYLYPEC. That's definitely the case with respect to the ATA members.

Mr. BORSKI. One final question, Mr. Chairman.

Again, I'd ask anyone to respond. Did the simultaneous call-up of the Reserve forces, many of which are crew members for the Military Airlift Command, and commercial airline pilots affect your member airlines' ability to perform their CRAF Stage 1 duties or commercial operations?

Mr. DRISCOLL. I think the answer to that is no, and as we said, we have to identify four crews per aircraft, they have to have no mobilization assignment with the military, so therefore the crews that would have been called up were not related to the CRAF call-up, and therefore there was no conflict as far as our carriers are concerned.

Mr. BORSKI. Do you anticipate any kind of problem should Stage 2 be needed and more Reservists being called up?

Mr. DRISCOLL. As far as the Stage 2 is concerned, again, in order to get your mobilization value for the peacetime business you get, you have to commit to four crews not with military assignments that are available to MAC upon call-up, and we anticipated no problem.

Mr. BORSKI. So even if Stage 2 should come about and a much deeper call-up of Reservists, you feel very comfortable that you'll be able to meet those needs?

Mr. DRISCOLL. They have been identified, unless somebody has gone out and joined the Reserves we don't know about.

Mr. LANGTON. I think the need to go to Stage 2 will be pretty much well identified long before it would ever be called up. I think our marketplace gives us pretty good indicators of what will occur. As I think General Kondra said, less than one percent of the commercial pilots are active Reservists, and that's not a big number.

Mr. BORSKI. Thank you, sir.

Thank you, Mr. Chairman.

Mr. ANDERSON. Thank you, Mr. Borski.

Thank you very much for your presentation. I know that some of you came quite a way.

Mr. DRISCOLL. I thank you for hearing us.

[Mr. Pylypec's prepared statement appears on p. 79.]

[Mr. Driscoll's prepared statement appears on p. 43.]

Mr. ANDERSON. With that, the meeting is adjourned.

[Whereupon, at 4:16 p.m., the subcommittee was adjourned, to reconvene at the call of the Chair.]

PREPARED STATEMENTS OF WITNESSES

STATEMENT OF

EDWARD J. DRISCOLL

PRESIDENT AND CHIEF EXECUTIVE OFFICER

NATIONAL AIR CARRIER ASSOCIATION, INC.

BEFORE THE

SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT

OF THE

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

OF THE

UNITED STATES HOUSE OF REPRESENTATIVES

CIVIL RESERVE AIR FLEET PROGRAM (CRAF)

OCTOBER 10, 1990

Mr. Chairman, Members of the Committee, I am pleased on behalf of the members of the National Air Carrier Association to have this opportunity to present our views in connection with your hearings on CRAF and specifically, the impact, both actual and potential, of the CRAF activation on low-cost scheduled and air charter operations.

While we are pleased that you are focusing on this very important issue, we do believe it is a little premature to address all of the issues in connection with CRAF -- the CRAF activation and lessons learned. Until we have analyzed in more detail the impact of this operation, how well it operated, possible changes which need to be made in the program and any legislation which might be required in order to improve the air carrier industry, specifically with respect to air cargo capability, we cannot provide you with specific recommendations.

Suffice it to say, the civil airlift operations in support of Desert Shield went extremely well. The civil carriers responded without hesitation on a voluntary basis making substantial capability available to MAC and AFLC. However, the airlift capability volunteered was not sufficient to satisfy requirements, especially passenger requirements, necessitating the activation of Stage I of the contract. This is the first time since its inception that any stage of CRAF has been activated.

The carriers represented by NACA provide 109 aircraft to CRAF including 49 of the 141 cargo aircraft commitment to the long-range international which represents approximately one-third of the 17.4 million ton-miles of cargo per day which CRAF generates. The remaining 60 aircraft are committed to international long-range and short-range passenger operations as well as domestic CRAF cargo operations.

BACKGROUND

I am sure the Committee is well aware that the participation of the civil carriers in Desert Shield is not the first defense emergency they have supported. Civil carriers have provided substantial support of the Department of Defense requirements under very trying circumstances during emergency operations including Vietnam, Korea and other special operations. MAC will tell you that the records of accomplishment are indeed impressive and that civil carriers without hesitation operated side-by-side with our military forces and during the Vietnam operations operated into forward area, sometimes under fire, in order to deliver vital supplies and/or personnel. We believe without question that the ability of the civil carriers to support MAC in all types of emergency situations is clearly documented and that there is no question of responsiveness..

As you know, the Civil Reserve Air Fleet was initiated in 1951 by Executive Order of the President, Harry S. Truman. Basic

authority for pre-allocating aircraft by the Department of Transportation is the Defense Production Act of 1950, as amended. CRAF, however, is a contractual undertaking. While specific aircraft can be pre-allocated by the Department of Transportation under the Defense Production Act of 1950 for a Stage III national emergency, there is more than the aircraft that is needed; e.g., the crews, the system and all support elements. Therefore, in order to assure the readiness of CRAF, contractual arrangements are essential.

While CRAF was initiated in 1951, it was not until 1961 that it became a viable program. The report titled "The Role of MATS in Peace and War", prepared by Presidential directive, assured the civil carriers a role in satisfying Department of Defense peacetime requirements as well as in emergency situations. Contracts for peacetime operations were based on a mobilization value concept tied to emergency conditions. Initially, the contract envisioned only one stage of CRAF, Stage III. However, following the experience of the Cuban situation, it became evident that lesser quantities were required for given emergencies. Therefore Stages I, II and III were inaugurated and tied to the peacetime contract. The CRAF concept has been reaffiermed in a National Airlift Policy directive signed by President Reagan on June 24, 1987.

The contractual program presently in existence is based upon a volunteer concept whereby carriers volunteer airlift capability

for peacetime operations as well as offering to provide expansion at carrier election during peacetime. However, carriers are firmly committed under a Stage I or II or III activation to provide specific identified aircraft. The carrier, in its proposal to MAC, sets forth the number of aircraft it offers to provide to support Stage I, II and III. In offering aircraft for Stages I and II the carrier receives mobilization value points based upon the type and quantity of aircraft committed.

In submitting proposals to the military for contractual arrangements, each carrier makes a business decision -- how many aircraft can it logically make available for Stages I and II of the CRAF program in order not to severely impact its commercial business. It's a business decision of how much and what quantity of peacetime business it wishes to receive based upon its commitment in Stages I and II.

DESERT SHIELD

The NACA carriers volunteered substantial quantities of capacity over and above their peacetime contract commitments in the initial stages of Desert Shield prior to the call-up of Stage I of CRAF. Not only did they make this expanded capacity available for strategic airlift operations to the Persian Gulf but they also expanded, at the call of the Government, the Logair capability by committing substantial numbers of additional aircraft in support of Desert Shield operations conducted by the

Air Force Logistics Command. The reason that Logair as well as MAC operations were able to be expanded is that dedicated aircraft systems were in place in peacetime which provided for this expanded capability.

ACTUAL OR POTENTIAL EFFECTS OF THE CALL-UP ON COMMERCIAL OPERATIONS

From the NACA carriers' standpoint they have always provided expanded airlift in support of the military during emergencies. They recognize they have made a contract to make expanded capacity available under a Stage I, II or III. Therefore, when a carrier enters into a commercial contract, a clause is included which relieves the carrier of that commercial obligation in the event of a call-up of Stage I, II or III. Thus, there was little unanticipated impact on their air charter commercial business. Since the Department of Defense, by contract, has priority for aircraft committed by the carrier to any stage of CRAF, the carrier should have anticipated the impact on commercial operations if CRAF is activiated.

While the civil support of Desert Shield, both domestic and international, went extremely well, some problems were encountered which affected the civil support of Desert Shield as well as continuing commercial operations which were deemed essential by the Department of State for foreign policy considerations as follows:

A. Crew duty time had to be extended from 100 hours per month to 150 hours per month. The request was made to FAA by a civil carrier, supported by MAC, and the FAA responded expeditiously and approved MAC's request for civil cargo operations in support of Desert Shield.

B. Title XIII insurance was required to cover war risks, both for military operations as well as commercial flights operating in the Persian Gulf. As I said before, the Department of State had determined that the commercial operations were essential and should be continued in the interest of the foreign policy of the United States. The civil operations in support of MAC were covered under Title XIII on a non-premium basis pursuant to an agreement between DOD and DOT whereby the Department of Defense indemnified the DOT/FAA for any losses sustained.

Continued commercial operations, on the other hand, had their commercial policies substantially increased necessitating consideration for Title XIII premium insurance which the FAA again responded to very quickly. The problem area, however, is with respect to the premium that is set and the fact that liability coverage and hull coverage are set forth as a package by FAA at rates in excess of rates that were

in effect commercially prior to the Persian Gulf situation arising.

Mr. Chairman, we believe the Title XIII provisions governing war risk insurance should be reviewed and revised so that the rates to be charged on a premium basis could be set at the rates in effect prior to the emergency. This is essential in order to enable the carrier to continue its operations in the interest of the foreign policy of the United States. In a recent case the rapidly rising fuel costs coupled with increased premium costs even for the Title XIII insurance and declining traffic caused a severe economic impact on the carrier which could affect its ability to continue operations.

C. The activation of Stage I necessitated a carrier withdraw its equipment from commercial operations and make it available to MAC within 24 hours of notice of call-up. However, the carrier did not receive any compensation for this unless a service order was issued and the carrier operated its aircraft pursuant to that service order. In some situations carriers made aircraft available to MAC. However, service orders were not issued and the carrier making the aircraft available received no compensation for the period the aircraft was standing by under the activation order. This is an area that must be

discussed with MAC in order to correct the situation as the carrier suffers economic harm which is not the intent of DOD, I am sure. There are studies underway by DOD concerning current CRAF policies and changes that may be necessary.

CONCLUSION

In conclusion, Mr. Chairman, the NACA carriers are proud of their participation in Desert Shield as they have been proud of their participation in other airlift emergencies. This has demonstrated again the responsiveness of the civil carriers and it has demonstrated that much needs to be done in the cargo area in order to enhance the capability for MAC as well as for commercial operations. It is interesting to note that while the U.S. share of market on a worldwide basis for commercial passenger operations is approximately 65%, on the commercial cargo side, it is only 36%. I am sure that Chairman Oberstar of the Aviation Subcommittee will address this matter when he holds hearings on international aviation. We have been encouraging DOT to initiate and develop a strategy for negotiating broader coverage of cargo operations with the EC as well as other countries. A necessary condition precedent to this, however, is to establish a conference with all U.S. carriers so that they, in conjunction with government, can help to develop a strategy for such negotiations.

It is interesting to note, Mr. Chairman, that the narrow-bodied cargo aircraft, most of which are Stage 2, were essential in support of the operation Desert Shield. These aircraft, much easier to load and offload especially at bases that do not have the sophisticated equipment to accommodate the wide-bodied aircraft, proved again, as they do day by day in commercial operations, the desirability of this type of equipment.

Mr. Chairman, this concludes my prepared statement. We will be pleased to respond to any questions you or the Committee may have.

STATEMENT OF TRAVIS P. DUNGAN, ADMINISTRATOR
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION,
U.S. DEPARTMENT OF TRANSPORTATION
BEFORE THE
INVESTIGATIONS AND OVERSIGHT SUBCOMMITTEE OF THE
HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
OCTOBER 10, 1990

Good morning. I am pleased to be here today representing Secretary Skinner at this hearing to assess the effectiveness of the Civil Reserve Air Fleet (CRAF) Program. I am accompanied by Lloyd E. Milburn, Director, Office of Emergency Transportation, RSPA; Jack Schmidt, Analyst, Office of the Assistant Secretary for Policy and International Affairs; Danny Noel, Emergency Operations Planner, Office of Emergency Operations, FAA; and Ken Harris, Manager, Aviation Activity Branch, Office of Aviation Policy and Plans, FAA.

The Research and Special Programs Administration (RSPA) is responsible for implementing the Secretary's authority over civil transportation resources during emergencies. These authorities are derived from legislation and Executive Orders. Under these authorities we are responsible for developing and implementing the policies and plans to use civil transportation resources to meet civil and military needs during national security emergencies.

My testimony will include a brief description of the CRAF Program, our views on the success of CRAF in Operation Desert

Shield, an economic impact assessment, DOT's role in the CRAF Program, and CRAF support operations.

DESCRIPTION OF THE CRAF PROGRAM. The CRAF Program is a cooperative, voluntary program. It includes DOT, the Department of Defense (DOD), and the U.S. civil air carrier industry. Its purpose is to provide civil aircraft to augment DOD's military airlift capability. Air carriers volunteer their participation in the CRAF program by contractual arrangement with the Military Airlift Command (MAC). The CRAF Program includes 506 aircraft from 29 carriers who voluntarily agree to participate in the program. Civil carriers participating in CRAF are given preference to fly commercial peacetime missions for DOD. CRAF is divided into three stages, and covers situations up to, and including, a declared national emergency or war.

SUCCESS OF CRAF OPERATIONS. As of September 30, civil air carriers operating in support of Operation Desert Shield have flown over 500 missions. These missions have delivered approximately 66,000 people, and delivered 22,000 tons of equipment and supplies.

This, I believe, is an outstanding accomplishment and demonstrates the effectiveness of civil/military cooperation in times of an emergency. Our recent experiences with the CRAF Program in Operation Desert Shield illustrate that:

- First and foremost, the CRAF Program, Stage I, as a standby "on the shelf" program, works. Building on this base, it is clear that the CRAF Program should continue and be enhanced. CRAF provides the Nation with critical and substantial airlift assets in time of an emergency without the need for DOD to purchase and maintain these assets separately.

- Coordination and cooperation between civil government agencies, U.S. military, civil air carriers, and the airports are critical.

- National security considerations must be given the highest priority in civil transportation planning. The numbers of people and amount of cargo rapidly moved in Operation Desert Shield highlight the importance of civil transportation support to military operations. Civil air carrier support is necessary in any major national security emergency.

ECONOMIC IMPACTS. We are concerned about the impact that CRAF activation might have on the Nation's air transport industry and the economy.

In assessing the impact of CRAF activation on the airline industry, it is useful to briefly review the industry's operating environment. The airline industry faces serious financial

challenges. Each $1 increase in the price of a barrel of crude oil raises annual industry operating costs by roughly $500 to $575 million. If the demand for air travel were growing rapidly, airlines could recover higher fuel costs by raising fares. Unfortunately, the demand for air travel is sluggish, and fare increases to meet higher costs lead to a further decline in air travel. Given the current economic environment, the industry's financial prospects are likely to worsen for the remainder of 1990 and possibly into 1991 as well.

Stage I activation affected 38 aircraft, constituting 4 percent of the U.S. fleet's long-range passenger capacity and 19 percent of its long-range cargo capacity based on 1989 data. Given the sluggish demand for air travel and the relatively small impact on system capacity, air carriers have found it relatively easy to adjust their schedules and services to accommodate Stage I activation. Thus, to date, the impact of Stage I activation on the airline industry and the economy has been insignificant.

Stage II activation would affect an additional 76 long-range aircraft (for a total of 116 long-range aircraft), which would constitute 17 percent of the industry's long-range passenger capacity and 30 percent of its long-range cargo capacity. Were Stage III to be activated, 57 percent of the fleet's long-range passenger capacity and more than 80 percent of its long-range cargo capacity could be affected.

Stage II and Stage III activations would clearly have the potential of serious disruptions of U.S. long-range civil airline service. Although short-range capacity would be affected by the withdrawal of 71 aircraft in Stage II and an additional 14 aircraft in Stage III, the impact of these activations would have the greatest effect on long-range capacity, since mostly long-range aircraft would be withdrawn from the fleet. Moreover, air carriers would find it difficult to make offsetting scheduling and service adjustments with short-range aircraft.

Depending on the demand for air travel at a time of great international crisis (the only time when CRAF Stage II or III would be called), the loss of long-range passenger aircraft could affect U.S. air carriers adversely in important international markets. For example, an estimated 32 percent of the U.S. airlines' capacity in the trans-Pacific market would be withdrawn under Stage II activation; under Stage III activation, 89 percent would be withdrawn. Across the Atlantic, 20 percent and 70 percent of the airlines' capacity would be withdrawn under Stage II and Stage III activations, respectively.

Any deliveries of new aircraft would partially offset the loss of capacity from Stage I activation, as well as possible Stage II and Stage III activations. Future deliveries would largely offset short-range aircraft withdrawn from domestic service.

However, anticipated wide body deliveries would not come close to offsetting the loss of long-range capacity, especially under proposed Stage II and Stage III activations.

At this time, it is difficult to estimate the impact of future CRAF activations upon the airline industry's financial condition. As I stated, Mr. Chairman, this is a particularly difficult time for the industry. Any long-term loss of international market share, as well as the inability to expand service in potentially profitable markets, would further complicate an already serious financial situation for many air carriers.

DOT'S ROLE IN THE CRAF PROGRAM. What has been DOT's role in Operation Desert Shield and, in particular, the CRAF Program? DOT and DOD, operating under a CRAF Memorandum of Understanding and Memorandum of Agreement, are jointly responsible for the CRAF Program. DOT allocates aircraft to DOD; allocation means designation for DOD use and provides legal protection to carriers. Allocation is not a requisition of aircraft as air carriers are contractually obligated to provide the aircraft. Utilizing commercial contracts with commercial air carriers, DOD manages the CRAF Program. DOD is responsible for determining the numbers and types of civil aircraft needed in the CRAF Program. DOD informs DOT annually of its CRAF requirements. DOT reviews these requests, balancing essential civil and national defense requirements and allocates the aircraft to DOD for CRAF use. The

allocation specifically identifies the air carrier and aircraft by manufacturer and identification number, consistent with DOD's request. Adjustments to this allocation are made periodically throughout the year.

During normal peacetime conditions, MAC uses civil air support to meet requirements it cannot meet with available military airlift, in accordance with its contractual agreements with the carriers. This same procedure may continue during the early stages of a developing emergency situation.

On August 17, 1990, General H.T. Johnson, Commander in Chief, Military Airlift Command, activated CRAF Stage I. This was the first activation of the CRAF Program in its 40 year history. Within 24 hours 16 air carriers provided 38 long-range aircraft to the CRAF Program for both passengers and cargo.

When CRAF is activated, several DOT organizations are involved in CRAF operations. RSPA exercises its role of coordination and policy direction. FAA assumes operational support responsibility for CRAF, and the Assistant Secretary for Policy and International Affairs monitors the economic impact of CRAF activation.

CRAF SUPPORT OPERATIONS. FAA has done an outstanding job in facilitating the civil airlift capability in Operation Desert

Shield. In its role of providing CRAF support operations, FAA is responsible for assuring that the operational aviation requirements associated with CRAF are met. FAA established a Crisis Response Working Group at the onset of Operation Desert Shield and this Working Group proved critical not only to bringing the agency's expertise to bear upon current issues, but also to resolve issues before they developed into problems that would affect the safe deployment of personnel and equipment. The Working Group provided the means to manage and coordinate FAA's role in CRAF operations. FAA undertook a number of tasks associated with the CRAF activation. Five key tasks that have facilitated the civil airlift capability and warrant particular mention include:

- Maintaining a safe and effective airspace system under complex operational requirements and conditions.

- Authorizing the extension of flight time limitations for CRAF crews that was safe and met operational requirements.

- Issuing Title XIII Insurance to carriers whose insurance was either cancelled or became exorbitantly high.

- Supporting intelligence and security operations.

Establishing an inspection program to assure operations and maintenance safety standards are met.

TITLE XIII INSURANCE. One FAA function concerns insurance. FAA administers the Title XIII Insurance Program under authority of the Federal Aviation Act of 1958. Under the program, FAA provides aviation hull and liability insurance coverage to flights of CRAF air carriers. Under Title XIII, nonpremium insurance coverage is available to sustain such operations. Before insurance coverage may be extended, several factors are considered. It must be determined that: (a) commercial insurance is not available or that its cost is unreasonable, and (b) insurance coverage is for international operations. If the commercial insurance market offers reasonable insurance premiums for these operations, the air carriers are required to obtain commercial insurance.

Nonpremium coverage is available to air carriers that have contractual agreements to perform missions for DOD. DOD has an indemnity agreement with DOT, whereby FAA extends Title XIII insurance coverage on DOD's behalf with the understanding that any losses resulting from insurance claims will be reimbursed by DOD. MAC has formally requested FAA to extend Title XIII insurance coverage to CRAF and to special MAC charters that perform missions in support of Operation Desert Shield. Presently, FAA is insuring 24 air carriers that performed

numerous missions from the period of August 10, 1990, through September 27, 1990. Without this insurance coverage, it would have been difficult to deploy the troops and transport the weapons to the Middle East since the commercial insurance market has either cancelled insurance coverage or required unreasonable premiums.

CONCLUSION: In conclusion Mr. Chairman, I would say we have all learned from this experience. In particular, since this was the first activation of the CRAF, the cooperation by the civil air carriers has been outstanding. There are some of our procedures that need fine tuning. FAA is actively tracking operational lessons learned as the deployment progresses. These lessons will be included in the next generation of FAA orders, checklists, and standard operating procedures. Constant fine tuning of the overall process will ensure that future operations build on today's lessons and will be ready if necessary to support our national security requirements.

In closing Mr. Chairman, I would like to say for the record that the cooperation by the entire civil transportation sector has been outstanding in support of DOD in Operation Desert Shield. As I stated, the cooperative effort among DOT, DOD, and the transportation industry has paid dividends so far in this operation.

I will be happy to take your questions.

HEADQUARTERS
MILITARY AIRLIFT COMMAND

PRESENTATION TO THE COMMITTEE ON
PUBLIC WORKS AND TRANSPORTATION,
SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT
UNITED STATES HOUSE OF REPRESENTATIVES

STATEMENT OF:
MAJOR GENERAL VERNON J. KONDRA
DEPUTY CHIEF OF STAFF FOR OPERATIONS
HEADQUARTERS MILITARY AIRLIFT COMMAND

Not For Publication Until Released By The
Committee on Public Works and Transportation,
Subcommittee on Oversight and Investigations
United States House of Representatives

4 October 1990

Mr Chairman and distinguished members of the committee, I welcome this opportunity to appear before you today and represent General H. T. Johnson and the men and women of the Military Airlift Command (MAC). As the Deputy Chief of Staff for Operations, I am particularly happy to discuss the Civil Reserve Air Fleet (CRAF) and its role in supporting our DESERT SHIELD deployment, and our overall national defense transportation system.

Our defense transportation system consists of multiple mobility elements -- airlift, sealift, land transportation, and prepositioning. Each of these elements is an indispensable part of the total mobility equation. Each has its own characteristics. Airlift is rapid, responsive, and the most flexible transportation mode. It is designed for rapid deployment and reinforcement. Prepositioning can be planned well in advance, but it is less flexible. Land transportation positions the cargo and troops for strategic lift. Sealift has the greatest total capability, but it is relatively slow. All elements must be at adequate capacity to balance our strategic mobility objectives.

MAC is the single manager for airlift for DOD. As a major Air Force command and a component of the U.S. Transportation Command, MAC is responsible for providing peacetime organic and commercial airlift services that will preserve the emergency and wartime capability of assigned forces and ensure the support of all DOD components. The airlift mission is a critical consideration in satisfying the requirements of the national military strategy of the United States. When timely arrival is necessary, there is no substitute for airlift.

The Military Airlift Command's resources are committed to strategic and theater airlift forces. Strategic airlift provides the first deployment step, a bridge of airlift

and resupply to the theater of conflict. Whether by airland or airdrop, theater airlift provides the mobility and distribution of supplies to the fighting forces.

MAC's airlift capability combines active duty forces, Air Force Reserves, Air National Guard, and the Civil Reserve Air Fleet (CRAF) personnel, aircraft, and equipment into a national airlift force. We had a large number of Air Force Reserve and Air National Guard personnel volunteer to serve in DESERT SHIELD. However, we did have to call up additional Guard and Reserve personnel to fill in where requirements could not be met otherwise.

CRAF PROGRAM

Beyond the organic capability provided by the active duty and Air Reserve Component, the CRAF provides an essential ingredient in our airlift capability. The CRAF program was born out of the experience of World War II and the Berlin Airlift, where we first learned that military airlift would never be capable of handling some mobilization requirements. In 1951, President Truman issued Executive Order 10219 tasking the Department of Commerce and the Department of Defense to cooperate to establish a plan for the utilization of the nation's civil air carrier capability during times of emergency. Through the years, with the continuous support of the air carrier industry, the CRAF program has grown. Nearly every national crisis caused us to review our concepts and procedures, and CRAF has changed to respond to the world political situation and the changing air carrier environment.

DOD programs and policies relating to CRAF have evolved in parallel with the changing character and capabilities of the commercial air carrier industry and are based on Presidential direction and Congressional oversight. The CRAF program

includes practically every major US flag carrier. Today there are nearly 500 aircraft committed to five different segments of DOD support in three different stages to permit a full range of airlift response. Through interagency agreements between DOD and the Department of Transportation and through contracts with the civil air carriers, the DOD is guaranteed a reserve of aircraft to meet wartime requirements. As an incentive to volunteer for CRAF, air carriers earn entitlement to DOD peacetime airlift augmentation business in direct proportion to the capability they contribute to emergency mobilization.

The major benefit of relying on the civil industry for a large percentage of our strategic lift capability is the avoidance of a large buildup of military force structure to meet the nation's needs. This relationship provides transportation to the DOD in the most cost-effective manner, saving tax dollars and permitting scarce military assets to be applied against unique defense transportation needs.

In spite of this close relationship and the extensive planning, until August 18, 1990, CRAF was never activated. The reasons for this are almost as many as the contingencies we have experienced in the past 38 years where utilization of a Stage of CRAF was contemplated but not activated. The bottom line is that, in every situation there were enough CRAF volunteers in combination with organic capability, to meet the requirements. DESERT SHIELD, however, represents the largest deployment of US forces since World War II. We have never before been faced with a deployment requirement as we have had in these past few months with DESERT SHIELD.

The massive lift of US forces began just hours after permission was received to use Saudi bases. The Military Airlift Command, using its C-5, C-141, and C-130 cargo

aircraft, provided the initial surge of lift, beginning with the equipment of the 82nd Airborne Division for Pope AFB NC. The first civil air carrier mission, a passenger mission, departed Pope AFB on August 7, just 5 days after Iraq invaded Kuwait. Since that day, civil air missions have been nonstop.

For more than 10 days after the deployment began, a combination of military capability and volunteer civil airlift struggled to stay ahead of the deployment requirement. By mid-August, 95 percent of the operable C-5s and 90 percent of the operable C-141s were involved in the deployment. Remaining MAC aircraft were being used to meet urgent DOD mission requirements in other parts of the world. There were more than 100 civil air volunteer missions scheduled between the 7th and 17th of August. We had more than 30 aircraft volunteered from our CRAF carriers before CRAF was activated. By 17 August, however it was apparent that more aircraft were urgently needed to meet closure times necessitated by the tremendous imbalance of forces between Iraq and the US and its allies. There were thousands of tons of cargo and tens of thousands of passengers waiting to be moved. Faced with these nearly overwhelming requirements, and after consulting with DOD, DOT, CJCS, SECAF and the air carriers, the Commander in Chief, Military Airlift Command, exercised his authority to activate CRAF Stage I on 18 August 1990 at 0001Z.

The CRAF carrier response to the Stage I activation was rapid and positive. As a matter of fact, we had more carriers contributing than were obligated to Stage I, and they provided more aircraft to us than are contracted for in Stage I of the CRAF. In the last half of August and most of September, civil carriers averaged 40 aircraft flying daily, satisfying DOD missions world wide. In DESERT SHIELD operations alone, more than 500 missions, carrying more than 66,000 passengers and 22,000 tons of cargo, were flown by CRAF carriers.

The DESERT SHIELD experience has proven beyond a doubt that the CRAF concepts developed over the 38 years between the time it was conceived and this first activation are sound. During my visit to Saudi Arabia and to the different military related transportation industries, I have found the quality and enthusiasm of the transportation personnel, both military and civilian, are very high. After each visit, I come away impressed by the patriotism, loyalty, and hard work these people display.

THE CRAF PARTNERSHIP

Beyond the Department of Defense and the air carriers in CRAF, there are a whole host of organizations that provide the support structure for CRAF concept development, as well as direct operational support once CRAF is activated. First and foremost among that group is the Department of Transportation through the Federal Aviation Administration and the Research and Special Programs Administration. When DOD and the carriers surge, they surge and perform superbly. Without their support on emergency planning, aircraft allocation, indemnification, hazardous materials procedures, air carrier exemptions, airport clearances, and air traffic priority handling, we could not have been successful with CRAF activation. We salute these organizations as partners in CRAF.

CONCLUSION

Mr Chairman, thank you once again for the opportunity to provide the subcommittee my views on the Civil Reserve Air Fleet and its role in supporting operation DESERT SHIELD and our national defense strategy. DESERT SHIELD is the largest airlift effort in history--larger than the Berlin Airlift; larger than the peak of

airlift operations in Vietnam; and larger than the 1973 Israeli airlift. In the 54 days between August 7 and September 30, the military and civil carriers together have airlifted over 127,000 troops and 115,000 tons of cargo. We worked together providing needed airlift, to buy time for what we all hope will be a diplomatic settlement.

Not for publication until
released by the Subcommittee
on Investigation and
Oversight, Committee on Public
Works and Transportation, U.S.
House of Representatives.

STATEMENT BY

MR. ROBERT H. MOORE

DIRECTOR, TRANSPORTATION POLICY

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

(PRODUCTION AND LOGISTICS)

BEFORE THE SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

UNITED STATES HOUSE OF REPRESENTATIVES

SECOND SESSION OF THE 101st CONGRESS

CIVIL RESERVE AIR FLEET (CRAF) PROGRAM

OCTOBER 10, 1990

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. WE WELCOME THIS OPPORTUNITY TO MEET WITH YOU TO DISCUSS THE CIVIL RESERVE AIR FLEET OR CRAF PROGRAM AND, IN PARTICULAR, CIVIL AIRLIFT SUPPORT OF OPERATION DESERT SHIELD. APPEARING WITH ME TODAY IS MAJOR GENERAL VERNON KONDRA, DEPUTY CHIEF OF STAFF FOR OPERATIONS, HEADQUARTERS, MILITARY AIRLIFT COMMAND. GENERAL KONDRA WILL GIVE YOU AN OVERVIEW OF AIRLIFT SUPPORT TO DESERT SHIELD AND FURTHER INSIGHT INTO THE USE OF THE CIVIL RESERVE AIR FLEET.

AS YOU CAN APPRECIATE, THE MOBILITY REQUIREMENTS OF A CONTINGENCY SUCH AS DESERT SHIELD ARE MONUMENTAL. I AM PLEASED TO REPORT THAT OUR MOBILITY FORCES, BOTH AIRLIFT AND SEALIFT, HAVE PERFORMED—AND CONTINUE TO PERFORM—IN AN OUTSTANDING MANNER AND THIS INCLUDES THE SUPPORT PROVIDED BY THE CIVIL TRANSPORTATION INDUSTRY. THE MOBILITY SYSTEM SURGED FROM NORMAL PEACETIME OPERATIONS, TO A MOBILIZATION TEMPO ALMOST OVERNIGHT WITHOUT FALTERING. INITIALLY THIS INCLUDED AIRLIFT VOLUNTARILY COMMITTED BY CIVIL AIR CARRIERS AND SUBSEQUENTLY, IN THE FACE OF HEAVIER DEMANDS FOR

AIRLIFT, THE ACTIVATION OF CRAF STAGE I ON AUGUST 17. THIS ACTIVATION BROUGHT TO MAC, WITHIN 24 HOURS, 17 PASSENGER AND 21 CARGO AIRCRAFT FROM 16 DIFFERENT AIR CARRIERS. IN ADDITION FREE CARGO AIRLIFT SORTIES WERE MADE AVAILABLE BY KUWAIT, KOREA, AND JAPAN.

THE CRAF PROGRAM IS BASED ON A LONG-STANDING NATIONAL POLICY TO RELY, TO THE MAXIMUM EXTENT PRACTICAL, ON THE CIVIL SECTOR FOR TRANSPORTATION SUPPORT IN BOTH PEACE AND TIMES OF CRISIS OR WAR. THIS POLICY WAS RESTATED BY PRESIDENT REAGAN IN THE NATIONAL AIRLIFT POLICY PUBLISHED ON JUNE 24, 1987. UNDER THIS POLICY, DOD IS TO MAINTAIN AND OPERATE THAT MILITARY AIRLIFT CAPABILITY REQUIRED TO SATISFY CORE NEEDS. THE COMMERCIAL AIR CARRIERS ARE RELIED ON TO PROVIDE THE AIRLIFT REQUIRED BEYOND THAT AVAILABLE IN THE MILITARY AIRLIFT FLEET. THE POLICY ALSO REQUIRES OTHER GOVERNMENT AGENCIES TO TAKE ACTION TO STRENGTHEN THE NATION'S AIRLIFT CAPABILITY AND PROTECT U.S. NATIONAL SECURITY INTEREST IN COMMERCIAL CARGO CAPABILITIES.

THE CRAF PROGRAM WAS FORMED 38 YEARS AGO TO ORGANIZE CIVIL AUGMENTATION AIRLIFT IN PEACETIME IN ORDER TO ENSURE

ITS EFFECTIVENESS IN TIME OF CRISES OR WAR. SINCE ITS INCEPTION IN 1952, CRAF HAS BEEN STANDING BY, READY TO AUGMENT DOD MILITARY AIRLIFT. EVEN THOUGH THE PROGRAM HAD NOT BEEN CALLED UP PRIOR TO DESERT SHIELD, THROUGHOUT THE YEARS IT HAS MUTUALLY BENEFITED THE DOD AND COMMERCIAL CARRIERS. THROUGH AGREEMENTS WITH THE DEPARTMENT OF TRANSPORTATION AND CONTRACTS WITH THE CIVIL AIR CARRIERS, THE DOD IS GUARANTEED A RESERVE FLEET OF AIRCRAFT TO MEET WARTIME REQUIREMENTS, AND THE CIVIL INDUSTRY EARNS REVENUE IN PEACETIME FOR INTERNATIONAL MOVEMENT OF DOD CARGO AND PASSENGERS. IN FISCAL YEAR 1989, CRAF CARRIERS WERE PAID $618 MILLION FOR INTERNATIONAL AIRLIFT SERVICES THROUGH THE MILITARY AIRLIFT COMMAND. THIS REPRESENTED APPROXIMATELY 30 PERCENT OF THE DOD CARGO AND 80 PERCENT OF THE DOD PASSENGERS MOVED. IN A FULL MOBILIZATION IT HAS BEEN ESTIMATED THAT CRAF WOULD ALSO PROVIDES ABOUT 30 PERCENT OF DOD'S CARGO CAPABILITY AND 95 PERCENT OF THE PASSENGER LIFT.

AS YOU CAN SEE, EVEN THOUGH THE DOD HAS DEVELOPED A FORMIDABLE MILITARY AIRLIFT SYSTEM CAPABLE OF RAPID RESPONSE

IN TIME OF NEED, THAT SYSTEM IS HEAVILY RELIANT ON CIVIL SECTOR AUGMENTATION IN ANY LARGE SCALE DEPLOYMENT. FOR MANY YEARS DOD HAS, AS A MATTER OF POLICY, RELIED ON THE COMMERCIAL SECTOR FOR MOST OF ITS PEACETIME AND WARTIME PASSENGER AIRLIFT AND THE COMMERCIAL SECTOR HAS HAD AMPLE CAPABILITY TO MEET THOSE REQUIREMENTS.

IN CONTRAST TO CIVIL PASSENGER AIRLIFT, THE COMMERCIAL AIR CARGO SECTOR IS NOT CAPABLE OF SATISFYING DOD OUTSIZE CARGO REQUIREMENTS OR SUFFICIENT TO MEET DOD BULK AND OVERSIZE REQUIREMENTS. THEREFORE, THE PRIMARY FOCUS OF DOD EFFORTS TO INCREASE AIRLIFT CAPABILITY HAS BEEN IN THE CARGO ARENA. THE REWINGED C-5A, THE STRETCHED C-141, THE C-5B, KC-10, AND SOON THE C-17, PROVIDE CORE AIRLIFT CAPABILITY, PARTICULARLY DURING EARLY STAGES OF DEPLOYMENT INTO AUSTERE LOCATIONS OR INTO AREAS WHERE HOSTILITIES HAVE COMMENCED. MILITARY ASSETS ARE NEEDED TO CONDUCT SPECIAL OPERATIONS, AND MAINTAIN THE SECURITY OF OPERATIONS SUCH AS THE RECENT DEPLOYMENT TO PANAMA. PROGRAMS TO INCREASE THE CARGO CAPABILITY OF THE U.S. COMMERCIAL AIR CARRIERS, KNOWN AS CRAF ENHANCEMENT, AND THE GENERAL GROWTH OF THE CIVIL CARGO

INDUSTRY, HAVE ENABLED THE POTENTIAL COMMERCIAL CONTRIBUTION TO DOD'S CARGO REQUIREMENT DURING FULL MOBILIZATION TO GROW TO OVER 16 MILLION TON MILES PER DAY (MTM/DAY), OR APPROXIMATELY ONE-THIRD OF DOD'S TOTAL CARGO AIRLIFT CAPABILITY. TOGETHER MILITARY AND COMMERCIAL AIRLIFT PROVIDE APPROXIMATELY 48 MTM/DAY OF CARGO CAPABILITY. IT SHOULD BE NOTED, HOWEVER, THAT CARGO AIRCRAFT COMMITTED TO CRAF STAGE I PROVIDE ONLY APPROXIMATELY 3 MTM/DAY.

DURING A FULL SCALE MOBILIZATION AND ACTIVATION OF CRAF STAGE III, NEARLY 400 LONG-RANGE COMMERCIAL AIRCRAFT CAN BE TASKED TO SUPPORT DOD DEPLOYMENTS AND RESUPPLY OPERATIONS. THIS INCLUDES APPROXIMATELY 140 CIVIL LONG-RANGE CARGO AIRCRAFT THAT HAVE BEEN COMMITTED TO CRAF. IT WOULD COST OVER $10 BILLION TO REPLACE THIS COMMERCIAL CARGO CAPABILITY WITH MILITARY AIRCRAFT, AND THIS DOES NOT INCLUDE AIRCREWS AND ANNUAL OPERATING COSTS. THE COMMERCIAL SECTOR ALSO COMMITS OVER 250 LONG RANGE PASSENGER AIRCRAFT UNDER CRAF STAGE III. IT IS EASY TO SEE THAT FROM A NATIONAL SECURITY STANDPOINT, A STRONG CRAF PROGRAM IS ESSENTIAL AND ONE OF THE NATION'S MOST COST EFFECTIVE DEFENSE PROGRAMS.

WE BELIEVE CURRENT PROGRAM POLICIES HAVE RESULTED IN THE PROPER BALANCE BETWEEN RELIANCE ON MILITARY AND COMMERCIAL LIFT. HOWEVER, THE RAPIDLY CHANGING CHARACTER OF INTERNATIONAL RELATIONS AND NATIONAL SECURITY COMMITMENTS HAS CAUSED THE DEPARTMENT TO INITIATE A REVIEW OF OUR PROGRAMS FOR OBTAINING AND USING COMMERCIAL AIRLIFT AND SEALIFT ASSETS DURING TIME OF CRISIS. THIS STUDY, WHICH HAS BEEN IN PROGRESS SINCE MID-SUMMER, IS FOCUSED ON THE INCENTIVES PROVIDED TO COMMERCIAL CARRIERS WHO PARTICIPATE IN THESE PROGRAMS AND THEIR EFFECTIVENESS IN MEETING EMERGENCY REQUIREMENTS. DEPLOYMENTS TO PANAMA AND DESERT SHIELD OFFER SHARPLY CONTRASTING REQUIREMENTS WHICH MUST BE CONSIDERED IN STRUCTURING FUTURE MOBILITY FORCES, INCLUDING THE SUPPORT REQUIRED FROM THE CIVIL SECTOR FOR SUCH OPERATIONS.

IN LIMITED CONTINGENCIES NOT INVOLVING LARGE SCALE MOBILIZATION, VARIOUS OPERATIONAL SECURITY, ECONOMIC, AND POLITICAL CONSIDERATIONS COULD PRECLUDE SIGNIFICANT RELIANCE ON PRIVATE SECTOR TRANSPORTATION RESOURCES. ON THE OTHER HAND, OVER-RELIANCE ON THE CIVIL SECTOR CAN ALSO LIMIT

MOBILITY. DURING DESERT SHIELD, FOR INSTANCE, AN IMPORTANT CONSIDERATION BEFORE WITHDRAWING CIVIL TRANSPORTATION ASSETS WAS THE IMPACT ON THE NATION'S ECONOMY AND THE ECONOMIC WELFARE OF TRANSPORTATION COMPANIES. WHILE CIVIL ASSETS HAVE BEEN TASKED AND EMPLOYED WITH GREAT EFFICIENCY DURING DESERT SHIELD, INDUSTRY EXECUTIVES HAVE EXPRESSED CONCERN THAT GREATER DEMANDS FOR CIVIL TRANSPORTATION COULD HAVE A NEGATIVE ECONOMIC IMPACT ON COMPANY OPERATIONS. WHILE WE HAVE NOT HAD TO ACTIVATE CRAF STAGE II FOR ADDITIONAL AIRCRAFT—AS MANY AS 76—IT COULD BE REQUIRED IN A MORE DEMANDING SCENARIO.

THE DOD CIVIL FLEET POLICY REVIEW AND THE IDENTIFICATION OF LESSONS LEARNED FROM DESERT SHIELD HAVE NOT SUFFICIENTLY PROGRESSED TO BE ABLE TO PROVIDE A REPORT DURING THIS HEARING. HOWEVER, I AM SURE THAT GENERAL KONDRA'S COMMENTS WILL OFFER INSIGHT INTO HOW WELL THE OPERATION HAS GONE.

IN SUMMARY, DOD RELIES HEAVILY ON THE COMMERCIAL SECTOR FOR AUGMENTATION. CIVIL AVIATION AND MILITARY AIRLIFT ARE AND MUST REMAIN STRONG PARTNERS, WORKING CLOSELY TOGETHER IN PEACE AND TIMES OF CRISIS TO PROVIDE THE MOBILITY REQUIRED

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TO SUPPORT OUR STRATEGIC NATIONAL INTERESTS. IN DESERT SHIELD THEY HAVE BEEN AN EFFECTIVE TEAM, PROVIDING QUICK DEPLOYMENT FOR COMBAT FORCES. THE COMMERCIAL AIRLIFT HAS ALSO ALLOWED OUR MILITARY AIRCRAFT A MUCH NEEDED REPRIEVE FROM CONTINUOUS SURGE OPERATIONS AS WELL AS ADDITIONAL TIME FOR CREW REST AND NECESSARY MAINTENANCE. I AM CERTAIN THAT THE ONGOING STUDY OF CIVIL MOBILITY SUPPORT PROGRAMS AND OTHER ASSESSMENTS OF OPERATION DESERT SHIELD WILL RESULT IN FURTHER ENHANCEMENTS TO BOTH CRAF AND MILITARY AIRLIFT PROGRAMS ALIKE.

THIS CONCLUDES MY STATEMENT. I WILL BE FOLLOWED BY MAJOR GENERAL KONDRA. IF YOU HAVE ANY QUESTIONS AT THIS TIME, I WILL BE HAPPY TO ANSWER THEM, ALTHOUGH YOU MAY WISH TO HOLD THEM UNTIL GENERAL KONDRA HAS COMPLETED HIS STATEMENT.

STATEMENT OF
THE AIR TRANSPORT ASSOCIATION OF AMERICA
TO THE SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT
OF THE
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
U.S. HOUSE OF REPRESENTATIVES
OCTOBER 10, 1990

Presented by Nestor N. Pylypec
Vice President - Industry Services

In the offices of the Air Transport Association of America (ATA) resides the very prestigious Collier Trophy, with the inscription:

Founded in 1911 by Robert J. Collier.
Awarded to the Airlines of the United States
1939-For their High Record of Safety
1941-For Pioneering World-Wide Air Transportation Vital to
Immediate Defense and Ultimate Victory

The Collier Trophy awarded to the ATA member airlines was a well-earned recognition of the spectacular contribution these airlines made to the total mobilization of U.S. national resources in World War II. That contribution is well documented elsewhere[1/] and I will not elaborate on it here except to reiterate that the ATA member airlines have a fifty year history of providing air transport support to the national defense.

I would like to take a moment to put air transportation's role in national defense into perspective. We all recognize that mobility is an integral element of the U.S. global military strategy since it is the *causa sine qua non* for projecting U.S. military power, sustaining deployed forces, and meeting contingency requirements anywhere in the world. The Department of Defense has stated that the nation needs "a modern, flexible, and responsive national transportation network, **comprised of military and commercial resources**" which must be responsive to a vast spectrum of requirements in peacetime, crises, and wartime environments.[2/] Indeed, Operation Desert Shield is an example of such a deployment. Moreover, it is in this type of deployment that the Civil Reserve Air Fleet (CRAF), the subject of this hearing, can play such an important role.

The CRAF program was recommended by President Truman[3/] in 1951 and formally established in 1952 by a joint memorandum of understanding between the Department of Defense and the Department of Commerce. It was the result of the extraordinary demands placed on military transport aircraft during World War II and the Berlin Airlift. Under the concept, participating U.S. airlines voluntarily commit aircraft to CRAF to support national security interests when DoD airlift requirements exceed the capabilities of MAC aircraft. The airlines make this commitment through execution of the MAC Annual Airlift Services Agreement. Under this Agreement, the airlines commit aircraft by tail number to the three stages of CRAF. In an emergency situation, these aircraft can be activated to augment MAC transportation resources.

The stages of CRAF activation are designed to reflect the various levels of a transportation emergency which MAC might face. For example, under the Agreement, Stage I, comprised of approximately 40 aircraft, can be activated on 24 hours notice by the Commander, USAF Military Airlift Command to meet expanded peacetime military airlift requirements.[4/] Stage II, comprised of approximately 190 aircraft, can be activated by the Secretary of Defense, or his designee, also on 24 hours notice, to meet expanded civil augmentation of military airlift activity to support national security crisis short of declaration of war or defense-oriented emergency.[5/] Stage III, comprised of approximately 505 aircraft, can be activated by the Secretary of Defense on 48 hours notice in (1) a War, or defense-oriented national emergency declared by the President or Congress, or (2) a situation short of war or defense-oriented national emergency declared by the President or Congress if the order is issued with approval of Director of FEMA or official designated by President to coordinate all civil and defense mobilization activities.[6/]

It is important to realize that under the Agreement the airlines are obligated to provide up to four crews for each aircraft.[7/] Very importantly, when CRAF is activated the **Mission Control** over the aircraft involved is with the Military Airlift Command, while **Operational Control** is the responsibility of the airline operator of aircraft. Thus, the CRAF aircraft are available for MAC transportation needs with full support of the airlines in such

areas as trained crews, repair capabilities, spare parts, domestic and overseas facilities, fuel, and loading equipment.

The importance of the CRAF contribution to MAC airlift is highlighted by the deficiencies noted in a 1981 DoD Mobility Study (CMMS).[8/] CMMS was undertaken by DoD at the direction of Congress, both houses of which were concerned about the need for a new military transport aircraft. CMMS revealed that the Military had an objective of 66 million ton-miles per day (MTM/d) to support a major contingency, although the actual requirements might be even higher. Even under MAC's Airlift Master Plan, involving the C-17, C-5B, KC-10, and C-141B aircraft, there would be a substantial shortfall in the required MTM/d. CRAF is viewed as an important way in which to reduce that shortfall. Its current contribution to Stage 3 would yield 17½ MTM/d.[9/]

Although DoD has used civil aircraft for cargo and passenger transportation under the MAC Annual Airlift Services Agreement through the years, in fact no Stage of CRAF had ever been activated until August 17, 1990. When the President decided to send troops to Saudi Arabia in response to Iraq's August 4 invasion of neighboring Kuwait, MAC immediately sought additional commercial airlift capacity. For the first several days of the build-up the airlines offered all the lift MAC needed -- under their normal contractual arrangements with the government. But on the evening of August 17, MAC decided to go a step further. It activated Stage I of the CRAF program under which 16 U.S. airlines are obligated to provide up to 38 widebody aircraft. During August MAC used about two dozen of those planes on any given day to move troops and supplies to Saudi Arabia. Slightly less than half of the 38 planes in Stage I are passenger aircraft which have been used not only to transport troops to the front, but also to transport civilian evacuees (mostly women and children) back to the United States on their release from Baghdad and Kuwait City.

In addition, the Secretary of Transportation with the approval of President can provide "Title XIII" insurance for 60 day (extendable) periods to the airlines operating flights outside the United States in support of U.S. foreign policy.[10/] This insurance covers the aircraft, and the airlines' liability for cargoes, personal effects of crew and persons transported, and crew and persons transported in the case of loss of life, injury, or detention,

where such insurance is not available from commercial sources on reasonable terms and conditions. Consistent with FAA Regulations to implement Title XIII insurance,[11/] the FAA Director for Aviation Policy and Plans issued a letter shortly after Stage I implementation providing for the extension of insurance on a non-premium basis under Title XIII in connection with Operation Desert Shield.

Activation of CRAF is conditioned on a determination that national defense will be facilitated by obligating the Government to indemnify the contractor for losses not covered by its insurance,[12/] under terms of section H-24 ("Indemnification and Insurance") of the MAC Annual Airlift Services Agreement. Consistent with this provision, Air Force Secretary Donald B. Rice issued the "Memorandum of Decision for Indemnification of Air Carriers (PL 85-804) Performing Missions in Support of Desert Shield" simultaneously with the Stage I activation.

In support of Operation Desert Shield, some airlines have set up round-the-clock control centers to monitor commercial aircraft operating under military call signs. Although the aircraft are under contract to MAC, the airlines still have responsibility for keeping track of, and providing logistical support to, their own aircraft. They also remain responsible for the safe operation of the aircraft, which are flown by civilian crews provided by the airlines.

Moreover, the airlines must assure that crews are briefed on the presence and handling of hazardous shipments, which are more common in a military airlift. In this respect, it is imperative that the military services inform the carriers of the hazardous materials they are carrying. DoD, as the shipper, has the responsibility pursuant to DoT requirements,[13/] under the special conditions applicable to these missions, to give proper crew notifications, to provide escorts for certain highly hazardous shipments (e.g., Class A or B explosives) on most commercial flights, and to secure advance written permission to operate through civilian airports with extraordinarily hazardous materials aboard. There was a need for special attention and training with respect to these requirements early in Operation Desert Shield, but after the initial problems the procedures have substantially improved.

Has the first-ever activation of the CRAF program been successful and should we continue the program?

Undoubtedly, the answer is yes to both questions. Our military transportation and logistics specialists, in conjunction with the private sector, have performed incredible feats over the past several weeks. Just as was envisioned when the CRAF program was established in the 1950s, the private sector has provided valuable lift capability to the military in a time of crisis -- lift the military could maintain on its own only at incredible expense. Imagine a fleet of expensive 747s and DC-10s sitting idle at military air bases, year after year, waiting for the call to duty! The CRAF program not only helps move troops and supplies when the call goes out, it saves taxpayers billions of dollars over the lifecycle of the aircraft.

It would be a mistake, however, for us to assume the CRAF program is perfect. Just as the experience of the past several weeks has shown the importance of civilian aircraft to military operations and the need for continued government support of CRAF, so too it has shown the need for some fine-tuning and underlined the need for some broad policy changes to ensure the program's future success.

For example, initially Title XIII insurance coverage was issued on a **mission** basis, requiring the airlines to obtain marketplace coverage quotes for each mission. When the specific mission was changed on short notice, the airline was required to immediately seek quotes for the amended mission. That problem has been somewhat alleviated by changing the coverage to a weekly basis.

Another insurance matter resulted from the fact Title XIII coverage was not coextensive with the airlines' all-risk policies, in that the carrier all-risk policies excluded certain war risks, not all of which were covered by Title XIII insurance. However, that problem has been resolved in the interim. In addition, very early in Operation Desert Shield one airline purchased extra coverage in the market at an increased premium, only to learn later that FAA would provide it under Title XIII upon request. It appears that coordination has improved in the insurance area as the Operation has progressed.

At this point I would like to suggest a few things MAC can and should do. A key provision of the MAC Annual Airlift Services Agreement is the Senior Lodger arrangement for support of commercial aircraft operating off-line in connection with military missions. The Senior Lodger concept involves identification of a CRAF airline to manage CRAF operations at specified airports. This provision has not been operative in Operation Desert Shield, nor has a substitute support structure been installed. DoD should develop arrangements for ground service at en-route stops to provide coordination not only for diplomatic clearances and airport safety clearances, but also to obtain fuel allocations en-route and returning. This would streamline arrangements for the turn-around of commercial aircraft operating at military bases in the zone of military operations and at en-route airports not normally used by the airlines. This is an example of another refinement needed in CRAF operations.

In addition, MAC should rethink the incentives for airlines to commit aircraft to Stages I and II. Traditionally, the primary incentive has been the promise that MAC would favor airlines making the greatest commitment to CRAF when awarding its considerable peacetime business. That policy, which is reflected in a recent National Security Council directive,[14/] needs to be reaffirmed. Otherwise, there could be serious questions about how well CRAF can function in the future. It is imperative that the airlines see some benefit to joining CRAF because the program is not without its costs to the carriers.

In addition, when activated at a busy time of the year, as just happened, airlines can find themselves hard pressed to meet their commitments to passengers holding tickets. And they run the risk of losing market share, in both the passenger and cargo business, to foreign-flag competitors. Recent experience has made the costs and benefits of CRAF participation more apparent. The NSC Directive points out that:

> "Short-term airlift capability required to meet contingency requirements which might be considered minor surges shall be provided by increased of aircraft in the organic sector, as well as by the increased utilization of the commercial air carriers regularly providing service to the Department of Defense".[15/]

We believe this means MAC should fly more hours with its own military aircraft and seek commercial lift under the MAC Annual Airlift Services Agreement during surge, or initial

military buildup. CRAF Stage 1 should be activated when the emergency's airlift transportation requirements exceed MAC's internal resources. The airlines will meet their responsibilities under CRAF, and will be there when called. In accordance with the NSC Directive, we hope MAC will continue to remain sensitive to the harm it can cause the carriers upon which it depends the most in making the decision to activate Stage 1 of CRAF.

There is another area in which the Government can act to protect airlift resources so vital to national defense. The continued existence of an economically sound United States air transportation system is absolutely essential to ensure that the civil airlift resources are available to MAC when needed. In that regard, we believe that the present U.S. Government failure to exclude aviation from the current round of trade talks on services, the General Agreement on Trade and Services (GATS), could severely disadvantage our national airline system such that the airlift support necessary in a time of national emergency could be lacking in future years.

This result would occur if the current established system of bilateral negotiations held solely on the subject of air transport matters, is replaced with a new multilateral regime of negotiations encompassing all services--where air routes could be traded for banking, insurance, or soybeans, with no equivalent air transport benefit being gained in the negotiations. The airline industry, lacking strong political power, could be traded away and thus so eroded that the continued existence of a fleet of wide bodies would be jeopardized in the future. Therefore, we continue to urge our Government to withdraw air transportation from coverage under the GATS services talks.

At this point, I would like to address a subject indirectly related to CRAF. If we view civil air transportation's role solely in the deployment perspective, we would miss an extremely important contribution air transportation can make in the mobilization of the Nation's resources to support a national defense initiative. Mobilization of the nation requires movements of military and civilian personnel, and the movement of essential materiel, supplies, and equipment from the points of production to ports and distribution points. Depending on the specific mobilization scenario, the transportation resources may

become constrained to the point decisions must be made with regard to who or what does not travel. In this respect, I would like to address the War Air Service Program (WASP) which complements CRAF in a national emergency which substantially constrains the air transportation system.

While CRAF does not find a precise precedent in World War II, WASP does, and I am especially pleased to address WASP because the Air Transport Association played a crucial role in its development and initial implementation. Colonel Ed Gorrell, ATA's President at the beginning of the War, had served on the "Baker Board" in the 1930s, which gave him an intimate knowledge of military transportation needs in time of war. Gorrell recognized that the United States would be forced to enter the European conflict and, from his experiences in World War I, knew that there would be severe shortages of capacity among the carriers. At his instigation, ATA and the airlines had developed an airline "mobilization plan" prior to 1941, which included, among other things, traffic priorities. It was implemented by the airlines immediately upon the attack on Pearl Harbor on December 7, 1941.

The ATA/airline informal mobilization plan became the basis upon which a more formal traffic priority program was adopted. ATA, in conjunction with the War and Navy Departments, prepared and circulated a Memoranda of Instructions to the airline industry[16/] which established the following priorities: (1) White House personnel; (2) military airplane pilots; (3) military personnel on travel orders; (4) essential war materiel; and (5) personnel essential to war effort.

The ancestry of WASP is obvious. Although it has gone through several iterations through the years, WASP remains a program designed to allocate air service in times of extreme national emergency. Obviously, certain travelers and shipments must get priority over others in such circumstances. Going well beyond CRAF, WASP addresses the nation's needs in an all-out war when much of the country's industrial production and transportation capacity is needed to support the war effort. Through much of its life, WASP involved Civil Aeronautics Board development of plans and procedures for operational controls and

priorities over passengers and cargo, routes, rates and fares control, and distribution of civil aircraft to maintain essential civil routes and services.[17/]

As everyone knows, the CAB ceased to exist on January 1, 1985. Although many of its economic functions died with it, the WASP function was transferred to DoT. However, the current WASP plan is found in an April 1971 document entitled: "CAB War Air Service Program Air Priorities Manual". Because of the substantial regulatory changes resulting from airline deregulation, and the changing nature of the airline industry, a number of the roles previously assigned may no longer be valid. For this reason, DoT's Office of Emergency Transportation is reviewing the Manual in light of the current environment. We believe substantial changes may be required, and believe this is a task the DoT must see through to completion as quickly as possible.

On another subject, I would like to make an additional point about the present situation. In terms of the number of aircraft MAC has taken out of the commercial fleet, and the number of airline pilots taken into the service, the airlift has had little impact on commercial service to date. The airlines have had to juggle aircraft and crews and have had to cancel some flights.

However, it is extremely difficult to assess what impact might result if the Middle-East situation forced MAC to activate Stage 2 of CRAF. Under Stage 2, MAC would be entitled to requisition more than 180 commercial aircraft -- as well as crews to fly them. At this time no one is expecting Stage 2, and certainly not Stage 3, which was designed to support a NATO-Warsaw Pact conflict in Europe and which would involve some 500 planes. It is safe to say scheduled airline service could be severely impacted, and commercial service certainly would suffer if MAC had to take many more planes or crews than it has to date. This impact is being studied by the Department of Transportation and the industry right now.

In conclusion, I think the Desert Shield deployment is an accomplishment of which the industry and military can be proud. The military, with the support of the private sector, has done a remarkable job putting men, materiel, and machines into place quickly half way around the world to protect important U.S. security interests. Plans crafted in the past to

support a rapid deployment have worked well. But we must guard against complacency. There is still work to be done to ensure the kind of military/industry partnership needed to support future deployments.

Thank you for the opportunity to address the CRAF program which is so important to the nation's security.

FOOTNOTES

1. Reginald M. Cleveland, Air Transport at War, (New York: Harper & Brothers Publishers, 1946), 316 pages.
   Office of War Information, Report on U.S. Civil Airlines in the War, released December 22, 1943.
   Air Transport Association of America, The Airlines in the War, April 8, 1945, 16 pages.
   Air Transport Association of America, Manpower Problems of the Airlines in World War II, (undated), 14 pages.
   Joseph R. Rose, "Domestic Air Transport" (Chap 12), American Wartime Transport, (New York: Thomas Y. Crowell Company, 1953), pp. 268-75.

2. JCS Pub 15, 15 September 1983 (w. changes 1 and 2).

3. Executive Order 10219, February 28, 1951, 16 F.R. 1983, March 2, 1951.

4. MAC Annual Airlift Services Agreement, Part I, §B, CLIN 8000 a.

5. MAC Annual Airlift Services Agreement, Part I, §B, CLIN 8000 b.

6. MAC Annual Airlift Services Agreement, Part I, §B, CLIN 8000 c.

7. MAC Annual Airlift Services Agreement, Part I, § C.2.c.

8. The "Congressionally Mandated Mobility Study" was submitted by DoD to Congress in September 1981.

9. Monthly Civil Reserve Air Fleet (CRAF) Capability Summary, MAC.

10. Title XIII of the Federal Aviation Act of 1958, as amended, (49 U.S.C. App §§ 1531-1542).

11. 14 C.F.R. Part 198.

12. P.L. 85-804 and Executive Order 10789, 50 U.S.C. §1431.

13. DoT Hazardous Materials Exemption DOT-E 9232, (3rd Rev.), August 10, 1990, (4th Rev.) August 29, 1990, see 55 C.F.R. 5324-5326, February 14, 1990.

14. Para. 5, National Airlift Policy, NSDD 280, June 24, 1987.

15. Para. 6, National Airlift Policy, NSDD 280, June 24, 1987.

16. MOI No. 1 (01/20/42), see Cleveland, pp. 83-86.

17. As described in Executive Order 11490, revoked in 1988, WASP involved Civil Aeronautics Board development of:
(1) Plans and procedures for administration of operational controls and priorities of passenger and cargo movements;
(2) Plans for route authorizations, tariffs, rates, fares, mail rates, government compensation, and subsidy; and
(3) Plans for distribution and redistribution of air carrier civil aircraft allocated by the Secretary of Transportation among the civil air transport carriers as may be necessary to assure the maintenance of essential civil routes and services under WASP operations after the CRAF requirements have been met.

SUBMISSIONS FOR THE RECORD

MEMORANDUM OF AGREEMENT

BETWEEN

THE DEPUTY ASSISTANT SECRETARY OF DEFENSE (LOGISTICS)

AND

THE RESEARCH AND SPECIAL PROGRAMS ADMINISTRATOR
DEPARTMENT OF TRANSPORTATION

CONCERNING

THE CIVIL RESERVE AIR FLEET PROGRAM

WHEREAS the Secretary of Transportation and the Secretary of Defense have signed a Memorandum of Understanding (MOU), dated September 25, 1987, concerning the Civil Reserve Air Fleet (CRAF) program; and

WHEREAS the MOU provides for joint Department of Defense (DoD) and Department of Transportation (DOT) implementation of the MOU and such supplemental agreements as deemed essential to carry out the MOU; and

WHEREAS this responsibility for developing a supplemental agreement was jointly assigned to the Deputy Assistant Secretary of Defense for Logistics, DoD, and the Research and Special Programs Administrator, DOT:

NOW, THEREFORE, it is agreed between DOT and DoD that:

1. The CRAF is a program:

a. In which DoD, normally by contractual arrangement, makes provisions for using aircraft of certificated US civil air carriers that own or otherwise control such aircraft.

b. In which DoD uses the DOT allocated and/or contractually committed capability of the air carriers to augment the military airlift capability of DoD in a declared defense-oriented national emergency or in defense-oriented situations short of such a declared national emergency, and to satisfy DoD airlift requirements.

c. Under which DoD arranges for civil airlift augmentation under the categories described below:

(1) Peacetime Commercial Augmentation. This is airlift required to support normal day-to-day peacetime augmentation requirements of DoD. The Commander, Military Airlift Command (MAC), obtains this support from air carriers through annual airlift services contracts.

(2) CRAF Stage I. This stage involves DoD use of civil air resources that air carriers will furnish to DoD to support substantially expanded peacetime military airlift requirements. The Commander, MAC, may authorize activation of this stage and assume mission control of those airlift assets committed to CRAF Stage I.

(3) CRAF Stage II. This stage invdlves DoD use of civil air resources that the air carriers will furnish to DoD in a time of defense airlift emergency. The Secretary of Defense, or his designee, may authorize activation of this stage permitting the Commander, MAC, to assume mission control of those airlift assets committed to CRAF Stage II.

(4) CRAF Stage III. This stage involves DoD use of civil air resources owned by a US entity or citizen that the air carriers will furnish to DoD in a time of declared national defense-oriented emergency or war, or when otherwise necessary for the national defense. The aircraft in this stage are allocated by the Secretary of Transportation to the Secretary of Defense. The Secretary of Defense may authorize activation of this stage permitting the Commander, MAC, to assume mission control of those airlift assets committed to CRAF Stage III consistent with the terms of the MOU.

d. Composed of US registered aircraft which a US entity or citizen owns, controls or operates and are needed to satisfy varying levels of defense needs. DOT will allocate to CRAF Stage III, aircraft best suited to meet specific DoD needs irrespective of whether such aircraft are contractually committed by air carriers to DoD.

2. Department of Defense Responsibilities. The DoD will determine the number and types of aircraft needed to augment military airlift resources in the most demanding national defense-oriented emergencies (CRAF Stage III) as well as in less demanding defense-oriented emergencies, for CRAF Stage I and II.

a. In determining the number and types of aircraft required for CRAF Stage III, DoD will consider three factors:

(1) Potential numbers of personnel and volume of cargo to be transported to various destinations.

(2) The average payloads to be achieved per flight.

(3) The potential operating requirements and conditions and their impact on aircraft utilization rates.

b. DoD will advise DOT each January of the number and types of aircraft, by segment of use, needed in CRAF Stage III for the ensuing one-year period. This request will be based on the most demanding defense-oriented airlift requirements that DoD expects to support. The data will include passenger-miles per day, and ton-miles per day or frequency of service for the international long-range and short-range segments, and number and types of aircraft for the aeromedical, Alaskan, and domestic segments. DoD will also provide load factors and flying hour utilization rates used in military planning, upon which the requirements for number and types of CRAF aircraft are developed. The data will indicate the number of aircraft needed to meet time-phased movement requirements, by segment, through the initial 180-day period.

c. In addition to the annual request, DoD may, on a monthly or more frequent basis, request changes to the allocations of aircraft. The Commander, MAC, as the Executive Director of the Single Manager Operating Agency for Airlift Service, will request such changes.

d. If advised by DOT that the size of CRAF Stage I or II will have a significant adverse impact on the civil air carrier industry's ability, as a whole, to provide essential service, DoD will adjust the size of the stages or provide DOT with justification for maintaining the size of those stages.

e. The Commander, MAC, will expeditiously advise the Office of Emergency Transportation of DoD's intention to activate any CRAF stage or portion thereof.

f. When activated, CRAF aircraft are under the "mission control" of DoD, while remaining a civil resource under the operational control of the responsible US entity or citizen.

g. MAC will provide information to DOT on a monthly or more frequent basis as to:

(1) The number of aircraft committed to each stage of the CRAF by carrier, type, and segment of planned use.

(2) Following activation of any stage of CRAF, the number of aircraft not activated, identified by their US registration number, carrier, type, and segment of use.

(3) The release of any CRAF aircraft after the CRAF mission or missions for which the aircraft was activated has been completed.

3. Department of Transportation Responsibilities:

a. DOT will allocate specific types of aircraft to CRAF Stage III, by segment, for use during national defense-oriented emergencies based on stated DoD requirements. All allocation actions requested by DoD and made by DOT will include recognition of the broad civil and military mobilization planning guidance prescribed in Presidential Directives.

b. DOT will use the time-phased aircraft requirements and specific justification data provided by DoD for planning purposes only. Since the data does not represent specific daily workloads, it will not be used for the preplanned, automatic-phased release of allocated aircraft from CRAF Stage III.

4. DoD and DOT Joint Responsibilities:

a. Should DOT determine that aircraft previously allocated to CRAF Stage III are needed to satisfy higher priority national needs, DOT will notify DoD of the pending reallocation of aircraft from Stage III. If DoD determines the pending reallocation jeopardizes the execution of OJCS approved plans, DoD will advise DOT of the basis for that determination and request DoD retain the original allocation.

b. In the event of activation of CRAF Stage III, DoD may not immediately need all of the aircraft allocated to it. Such aircraft will remain with the air carrier or US citizen or entity and be available to DOT. DOT may redirect these aircraft to meet other requirements during the emergency.

5. Allocation Arbitration: Either party to this agreement may present issues regarding the allocation or reallocation of aircraft committed or withdrawn from CRAF to the Director of the Federal Emergency Management Agency for resolution.

6. Administration:

a. The Director of Emergency Transportation, Research and Special Programs Administration, DOT, will implement and administer this agreement for DOT and serve as liaison with DoD.

b. The Deputy Assistant Secretary of Defense for Logistics will implement and administer this agreement for DoD in all matters other than operational and mission control matters. The Commander, MAC, has designated the Assistant for Civil Air, Headquarters MAC, to be the representative and point of contact for operational and mission control matters.

c. The parties designated in paragraphs 6.a. and 6.b. above may enter into further agreements necessary to improve the efficiency and effectiveness of the CRAF program and other airlift required to support national security purposes.

7. Effective Date: This agreement is effective as of the date of execution indicated below and may be amended by mutual consent of the parties identified in paragraph 6 of this agreement.

8. Termination: This MOA will automatically be terminated upon termination of the MOU.

John A. Mittino
Deputy Assistant Secretary
(Logistics)
Office, Secretary of Defense
Date: 13 OCT 1987

M. Cynthia Douglass
Administrator, Research and
Special Programs
Department of Transportation
Date: 10 NOV 1987

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE DEPARTMENT OF DEFENSE

AND

THE DEPARTMENT OF TRANSPORTATION

CONCERNING

THE CIVIL RESERVE AIR FLEET PROGRAM

WHEREAS the Secretary of Transportation is responsible under Executive Order 11490, as amended, for developing plans to use civil air transportation resources to meet civil and military needs during national emergencies and defense-oriented situations; and

WHEREAS the Secretary of Defense has developed a cooperative plan, entitled the Civil Reserve Air Fleet (CRAF) program, with the civil air carrier industry to augment Department of Defense (DoD) organic airlift capability; and

WHEREAS the CRAF program may be incrementally activated by order of DoD to meet ascending levels of DoD requirements up to and including the most demanding level of airlift requirements based on plans approved by the Organization of the Joint Chiefs of Staff (OJCS); and

WHEREAS all the civil air carrier aircraft included within CRAF Stage III are allocated to DoD by the Department of Transportation (DOT), pursuant to the Secretary of Transportation's priorities and allocations authority contained in Title I of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2061, et. seq. and 44 CFR 322.3(o));

NOW, THEREFORE, it is agreed between DOT and DoD as follows:

1. The CRAF is a program:

a. In which DoD uses aircraft owned by a U.S. entity or citizen. The aircraft are allocated by DOT to augment the military airlift capability of DoD.

b. Which can be incrementally activated by DoD in three stages in response to defense-oriented situations, up to and including a declared national emergency or war, to satisfy DoD airlift requirements.

c. In which aircraft are allocated, in accordance with DoD requirements, to segments according to their capabilities, such as Long-Range International (cargo and passenger), Short-Range International, Domestic, Alaskan, Aeromedical, and other segments as may be mutually agreed upon by DoD and DOT.

2. The Department of Defense shall:

a. Determine the numbers and types of civil aircraft needed by segment in the CRAF program to augment military airlift resources in the most demanding defense-oriented airlift emergencies (CRAF Stage III) and for less demanding defense-oriented situations (CRAF Stages I and II).

b. Advise DOT at least annually of the numbers and types of aircraft needed for CRAF Stage III, by segment. This information will be provided in a format that will permit DOT to evaluate DoD requirements effectively.

c. Provide timely advice to the Secretary of Transportation when DoD intends to activate any stage of the CRAF, or any portion thereof.

d. If advised by DOT that the size of CRAF Stage I or II will have a significant adverse impact on the civil air carrier industry's ability, as a whole, to provide essential service, DoD will adjust the size of the stages or provide DOT with justification for maintaining the size of those stages.

3. The Department of Transportation shall:

a. Allocate civil air carrier aircraft to CRAF Stage III based on DoD requirements after having considered overall DOT administrative and statutory responsibilities. DoD shall have priority consideration in any allocation situation.

b. Allocate aircraft to CRAF Stage III by manufacturer, model and series, U.S. registration number, owner/operator, and the intended CRAF segment of use.

c. Advise DoD in the event that DOT plans to allocate to CRAF Stage III fewer aircraft of any type than the requirement stated by DoD pursuant to paragraph 2.b. and provide the rationale for such reduced allocations.

d. Notify DoD if the size of CRAF Stage I or II will have a serious adverse impact on the civil air carrier industry's ability to provide essential service.

e. Provide, through the Federal Aviation Administrator, aviation hull and liability insurance coverage for the CRAF program, as appropriate, pursuant to Title XIII of the Federal Aviation Act of 1958, as amended, Pub. L. 85-726, Title XIII, 72 Stat. 800, 49 App. U.S.C. 1531, et seq.

4. Allocation Arbitration: Either party to this Memorandum of Understanding (MOU) reserves the right to present issues regarding the DOT CRAF allocation or DoD requirement for the CRAF aircraft to the Director of the Federal Emergency Management Agency (FEMA) for resolution.

5. Activation of Stage III of the CRAF: The CRAF may be activated by order of the Secretary of Defense or the Secretary's designee:

a. In time of war or during a defense-oriented national emergency declared by the President or by the Congress of the United States.

b. In a national defense-oriented situation short of a declared defense-oriented national emergency.

6. Activation of Stages I or II of the CRAF: The Commander, Military Airlift Command (MAC), may activate Stage I and the Secretary of Defense or his designee may activate Stage II of the CRAF during a national security crisis, short of a declared defense-oriented emergency, when expanded civil augmentation of military airlift activity is required.

7. Points of Contact:

a. Department of Defense

(1) The Deputy Assistant Secretary of Defense for Logistics will serve as the point of contact with DOT and will implement and administer this MOU for DoD.

(2) The Secretary of the Air Force, as the Single Manager of Airlift Service for DoD, through his designee, the Commander, Military Airlift Command (MAC), is the point of contact and will administer this MOU for the Air Force.

(3) The Commander, MAC, is the operational point of contact for all CRAF program activities, including mission control, and will implement the policies set forth in this MOU for DoD.

b. Department of Transportation

(1) The Research and Special Programs Administrator, DOT, will serve as the point of contact with DoD and will implement and administer this MOU for DOT.

(2) The Director of Emergency Transportation, Research and Special Programs Administration, DOT, as the principal departmental staff officer for all civil transportation emergency preparedness matters, is the operational point of contact for all CRAF activities, including allocations to the CRAF.

8. Supplemental Agreement: The Deputy Assistant Secretary of Defense for Logistics, and the Research and Special Programs Administrator, DOT, may enter into supplemental Memorandum(s) of Agreement (MOA) required to carry out the provisions of this MOU.

9. Amendment: This MOU may be amended at any time by mutual consent.

10. Effective Date: This MOU supersedes the MOU between the Secretary of Defense and the Secretary of Transportation dated May 7, 1981. It will be effective as of the date of execution indicated below for a period of five years, unless extended or modified by mutual agreement.

11. Termination: Either party may terminate this MOU with six months notice to the other party.

Caspar W. Weinberger
Secretary of Defense
Date:
24 AUG 1987

Elizabeth Hanford Dole
Secretary of Transportation
Date:
September 25, 1987

ADDITION TO THE RECORD

STATEMENT OF THE

AIR LINE PILOTS ASSOCIATION

TO THE

SUBCOMMITTEE ON INVESTIGATIONS

AND OVERSIGHT

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

U.S. HOUSE OF REPRESENTATIVES

OCTOBER 10, 1990

CIVIL RESERVE AIR FLEET OPERATIONS

The following statement relating to Civil Reserve Air Fleet (CRAF) Operations is submitted on behalf of the 42,000 professional pilots who fly for 50 airlines and are represented by the Air Line Pilots Association (ALPA).

Our initial comment is that the people who planned and developed the CRAF concept should be commended for their foresight and ability to visualize potential problems. From the line pilots vantage point, the overall effort went amazingly well considering the scope of the action and the fact that Desert Shield was the first deployment of U.S. Forces that required CRAF support.

This does not mean, however, that some problem areas do not

exist or that operational improvements are not necessary. Any initiative of this magnitude will surface requirements for change in both procedures and operational effectiveness. These must be evaluated on an individual basis and revised when needed.

Shortly after being advised of the CRAF activation, ALPA established a communications link with its pilot group at each affected airline. The purpose of this link was to provide members immediate access to the associations principal officers and staff. This action enabled our members to obtain advice on problems they were encountering and at the same time, alerted our offices in the Washington area of issues that may need either coordination with, or clarification from other involved agencies and associations in the Washington area. This communications channel was used extensively during the initial phases of CRAF activation and continues to provide our members needed support.

Our specific comments and recommendations relating to CRAF operations are:

1. Flight Time/Duty Time: In September, the U.S. Air Force Military Airlift Command (MAC) requested the FAA to grant an exemption, on a case-by-case basis, to CRAF carriers to extend the flight and duty limitations of Federal Aviation

Regulation (FAR) Part 121 to 150 hours in 30 days and 330 hours in 90 days. Under the regulations, (FAR Part 121, Subpart S), a pilot is limited to either 100 hours flying or 120 hours duty aloft in 30 consecutive days or 300 hours duty aloft during any 90 consecutive days.

In response to the MAC request, the FAA has granted specific relief to air carriers that allows crewmembers to fly or to perform duty aloft for 150 hours in 30 consecutive days. This deviation extends only to those flight crewmembers who are scheduled to serve on all-cargo flights conducted under Department of Defense contract in support of the Middle East crisis. The FAA did not feel it prudent to permit relief from the 300 hour requirement.

We do not feel that present circumstances, or any future Stage I activation, warrants such relief, and are strongly opposed to the granting of this deviation from safe and accepted operating practices which have been in place for years. The biological/physiological differences between senior airline pilots who fly CRAF aircraft and pilots operating military transports is obvious. Civil flight crews operating to these relaxed standards may become subject to extreme levels of fatigue, and safety margins

will be reduced to compromising levels.

The real issue is the proper allocation of airlift resources. The CRAF fleet in its entirety has adequate resources of both personnel and equipment which should be used to prevent one operator from requiring their crewmembers to exceed generally accepted safe operating practices and flight time restrictions. An equal distribution of the workload among activated carriers is essential. Such factors as availability of personnel and equipment on all operators who have CRAF contract obligations should be reviewed before any request for exemption to FAR requirements is considered. Under no circumstances should the inability of a few operators to live up to their CRAF obligations be the basis for granting exemptions to minimum safety stardards established through the FARs.

2. Availability of Emergency Equipment: Military crews operating in an area of possible chemical/biological warfare are provided the protective equipment needed to reduce the life threatening hazards associated with these elements. This equipment generally includes a gas mask, a charcoal undergarment, rubber gloves and some type of foot protection

to reduce aircraft contamination. CRAF crews using the same airports were not provided any protective gear. While the military authorities may be able to determine when an attack using such weapons is possible, nothing is sure in such an environment and therefore, all crews should have the same protective equipment available. We recommend that a type of "fly-away kit" be assembled and maintained by the Air Force and placed at strategic staging locations within the United States. The kits could then be issued to CRAF aircraft as they depart for their area of operations wherever it may be. To store such equipment earmarked for CRAF crews at locations in the hostile area may reduce or complicate access by CRAF crews. Such equipment should accompany them wherever they are activated and be available on a world-wide basis.

3. Hazardous Material Carriage: Another of our concerns surrounding the CRAF program deals with the carriage of hazardous materials. When CRAF was activated, DOT Exemption (DOT-E 9232) was issued and resulted in the transportation of hazardous materials via aircraft. Under normal circumstances, such hazardous materials are prohibited from being carried onboard civil aircraft. The DOT Exemption, however, authorizes the carriage of all items which are

normally carried by the surface mode, e.g., motor vehicle. The carriage of some such substances on civil aircraft increases the potential risk and exposure of the flightcrew to hazardous materials which are not normally encountered during familiar airline operations.

Although a major incident has not occurred, we would like to see this exemption removed at the earliest practical time. This then would require the carriage of normally prohibited hazardous materials either by miliary aircraft or aircraft under military contract, and not CRAF aircraft.

4. Load Coordination/Ground Time: At the onset of CRAF activation, some problems relating to load coordination were experienced. Load availability and the amount to be transported were issues for discussion and resulted in excessive ground time. This problem diminished as day-to-day experience was gained and does not appear to be a factor at this time.

5. Passenger Relief: We were advised that in some cases, troops that were aboard CRAF aircraft for extended periods of time, were not permitted by local authorities at foreign refueling stops to depart the aircraft. In one case, local

police kept a full load of troops on a B747 for approximately six hours while ground maintenance was being accomplished. Such a policy should be unacceptable and challenged by the State Department.

As a final comment, we again would like to salute the Miliary Airlift Command for the dedication and professionalism they demonstrated in making this CRAF activation work. As we stated earlier, however, there are always lessons to be learned from a venture of this magnitude. Therefore, we strongly encourage the Department of Defense to convene a meeting of all parties involved in the CRAF activation and operations, for the purpose of exchanging views on how the concept can be improved in the event future activation is necessary. ALPA would be most willing to participate in such a meeting. Our role in such a meeting would be to share the information we have gained through the communications network set up to monitor CRAF operations conducted by operators whose pilots are represented by ALPA.

ALPA appreciates the opportunity to present its views on CRAF operations for the record in this hearing.

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